

U.S. Rates Head Up in Tough Swipe At Inflation

Wall Street Welcomes Fed's Half-Point Rise; Bond Market Surges

By Lawrence Malkin
International Herald Tribune

NEW YORK — The Federal Reserve Board jacked up short-term interest rates by half of a percentage point Tuesday, the maximum amount expected, sending a strong signal that it would take a tough line against inflation.

The decisive move implied that the central bank now planned to stay off stage for some time — probably through the November midterm elections — and let the weight of this year's rate rises continue slowing the momentum of the economic growth before inflation can take hold.

The federal funds rate, which sets banks' wholesale cost of money, was raised to 4.75 percent from 4.25 percent, marking the fifth increase since February. In market terms, this is a rise of 50 basis points, or 50 hundredths of a full percentage point.

Financial markets worldwide held their collective breath as they bet on a rate rise. The dollar, the Treasury bond market, and stock markets in the United States and Europe moved in narrow trading ranges before the announcement. After the Fed signaled its intentions, the price of the benchmark 30-year U.S. Treasury bond surged 1 20/32 point, to 101 19/32, sending the yield tumbling to 7.37 percent from 7.50 percent Monday.

Stocks were similarly invigorated, with the blue-chip issues posting strong gains, and the dollar also got a leg up. (Page 10)

In the money markets, major banks raised their prime rates 50 basis points to 7.75 percent, which means higher credit card and business loan rates.

The central bank sent an unmistakable signal because the seven members of the Federal Reserve Board also announced a 50-basis-point rise in the discount rate to 4 percent, a largely symbolic move since banks only go to the discount window in emergencies.

A statement after the regular meeting of the Open Market Committee, which is composed of the board's seven governors and its 12 regional bank presidents, said it had decided to raise rates "to keep inflationary pressures contained and thereby foster sustainable economic growth."

These measures were taken against the background of evidence of continuing strength in the economic expansion and high levels of resource utilization," it said.

Even though quarterly rates of growth have come down from last winter's overheated annual rate of about 7 percent, they still have not slowed to the range just above 2.5 percent that the Fed has indicated it thinks is more sustainable.

Inflation rates now are about 3 percent, and the Fed has indicated that about 2

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Carlos, a Facade of Faded Legends

By Tim Weiner
New York Times Service

WASHINGTON — Though he came to personify terrorism in the 1970s, "Carlos the Jackal" spent most of the last decade drinking whisky in an apartment in downtown Damascus, living off his reputation as the Scarlet Pimpernel of international terrorism.

At the time of his arrest in Sudan, Carlos had become a pathetic relic of a bygone era, a burned-out Marxist-Leninist of no use to anyone, even the most radical of states that sponsor terrorism, according to past and present intelligence officials.

Even in his prime, they said, he did not

do half the things ascribed to him by Western intelligence services and the press.

"He's been a sad figure for the last several years, by all reports an alcoholic, dreaming the dreams of his youth with-

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out a hope of support," said Vincent Cannistraro, a former counterterrorism chief at the CIA. "A whisky-swilling Communist who doesn't believe in God isn't much use to any Islamic government. He was somewhat of a folk hero because operations were ascribed to him

when no one knew who else to ascribe them to, due to a lack of knowledge."

Directly implicated in at least 15 deaths, wanted in France for the murder of two counterintelligence officers, and still best-known for taking the OPEC oil ministers hostage in Vienna in 1975, Carlos was nonetheless a mediocre terrorist who bungled many of his missions, said Brian Jenkins, a terrorism expert with Kroll Associates, an investigative firm.

He was "a terrorist celebrity who had a vast number of actions attributed to him which were purely nonsense," Mr. Jenkins said. "There was a tendency to

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The police taking up positions Tuesday as a prison vehicle transporting Carlos approached the Paris court.

'I'm Still Alive, and for a Long Time'

By Alan Riding
New York Times Service

PARIS — There were reports he was wasted by dissolute living, his own lawyer said he was drugged before being extradited to France, but the international terrorist known as Carlos in fact seemed quite chipper Tuesday when he appeared before a judge for probably the first time in his life.

After spending a night in prison, he was taken handcuffed and under heavy guard to the Palais de Justice office of

France's top anti-terrorist judge, Jean-Louis Brugiere. Witnesses said he remarked on the assault rifles carried by his escorts. "They are good," he said. When Mr. Brugiere appeared, he exclaimed: "Ah, here's the judge, how are you?"

"And you?" asked the judge. "I'm still alive, and for a long time to come," said Carlos, whose real name is Ilich Ramirez Sanchez. Nodding toward the judge, he then turned to his guards and added: "He is a star."

But after two hours of closed-door interrogation, during which he was arraigned for planning a bombing that killed one person and injured 63 in Paris in 1982, one witness said the 44-year-old Venezuelan-born extremist "emerged less smiling than when he entered."

Although Carlos carried out terrorism in Germany, Britain and Austria, France was the single greatest victim of his violence. Two years ago, he was sentenced

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Fear of 'Nuclear Mafia' Widens in Germany

After 4th Arrest, Authorities Point To Breakdown of Moscow Controls

By Craig R. Whitney
New York Times Service

BONN — German authorities have made yet another seizure of highly toxic weapons-grade material — the fourth since May — believed to have been smuggled from the former Soviet Union, a prosecutor in the northern city of Bremen disclosed Tuesday.

A 34-year-old German man was arrested there Friday for trying to sell a tiny sample of 0.05 milligrams — a few grains — of plutonium-239 mixed with other substances to a journalist who reported the attempt to authorities, according to Bremen's chief prosecutor, Hans-Georg von Bock und Polach.

The plutonium was accompanied by a certificate from a Moscow institute that the Germans identified as the All-Soviet Isotope Association. Mr. von Bock und Polach said in a telephone interview. The arrested man was reportedly offering potential buyers between 34 and 50 capsules of similar samples of plutonium as well as 108 kilograms, or 237.6 pounds, of uranium-238, which is not used in bombs.

Russian authorities have denied that they are missing any plutonium-239, the prime fissionable material in nuclear warheads.

The Bremen prosecutor said that authorities there had no indication that the arrested German man had any connection with two Spanish men and a Colombian arrested in Munich on Aug. 10 after smuggling in more than 300 grams of weapons-grade plutonium-239 on a flight from Moscow.

The Munich seizure, by far the largest of highly radioactive material smuggled out of the former Soviet Union since it collapsed at the end of 1991, has sent the German government into a state of alarm. Officials believe the Spanish-Colombian operation had good enough connections with Russian sources to make good on the rest of what was offered as a four-kilogram, \$250-million deal. That would be

about half of what it would take to build a bomb.

Chancellor Helmut Kohl will send a senior aide, Bernd Schmiedbauer, to Moscow this week to discuss with President Boris N. Yeltsin the implications of the discovery that so much extremely toxic and dangerous radioactive material is in the hands of criminals.

German authorities simply do not believe the Russians any longer have a functioning control system for these substances and dismiss their denials out of hand, though they also allow that some material could be coming from other former Soviet lands like Ukraine or Belarus, or from Eastern Europe.

But the Germans also say they know next to nothing about the "nuclear mafia" that is trading in the material.

All they know about the Colombian who smuggled the plutonium in a suitcase to Munich, Justino Torres, 38, is that he grew up in Bogotá and had lived for years in Moscow as a student. Law enforcement authorities in Munich identified a second man arrested with him last week as Javier B. and said that he was a mechanic.

Police did not reveal his last name for security reasons, but the Spanish newspaper El País identified him as Javier B. Arratibel, a 60-year-old Basque industrialist from San Sebastián.

The third arrested man was identified as Julio O. 49, a builder or contractor said to be from Navarra, also in the Basque region, and believed to have extensive Russian contacts.

A fourth suspect, a Spanish man the authorities did not identify, is being sought in France, according to the Munich investigators who said Monday that the three arrested suspects had yet to be thoroughly questioned about their Russian contacts and their other possible customers.

What is particularly alarming is the number and variety of the criminal organizations operating in Germany, apparently

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Seized Nuclear Materials Traced to Russian Sites

Washington Post Service

VIENNA — Western nuclear scientists conducting an urgent investigation into the origins of three batches of smuggled bomb-grade nuclear materials seized in Germany have found evidence that the materials came from specific Russian nuclear weapon facilities, according to officials familiar with the work.

In one case the scientists have zeroed in on a laboratory at a Russian nuclear com-

plex called Arzamas-16, a once-secret site that is part of a vast network of nuclear weapons facilities in the former Soviet Union, they said.

In the most recent case, involving the seizure of more than 300 grams of plutonium at the Munich airport last week, preliminary lab results point to plutonium reprocessing facilities at top-security Russian military installations, they added.

The evidence available so far suggests that none of the seized nuclear materials came directly from Russian nuclear warheads, although more work on this question remains to be done.

But each of the three batches appears to have come from auxiliary nuclear fuel and enrichment facilities inside Russian military nuclear complexes, according to officials familiar with the investigation.

The emerging evidence has shaken the assumption of many nuclear proliferation specialists that while Russia's civilian nuclear facilities might be chaotic and vulnerable to low-grade thefts, its military nuclear network was firmly intact.

"The common wisdom from me was that the military establishment was still in charge" at key Russian nuclear facilities, said one senior official familiar with the investigation. "Now we can't be so sure."

The key laboratory analysis is being carried out mainly by German nuclear scientists at the European Trans-Uranium Institute in Karlsruhe, but the results of their tests are being passed to scientists elsewhere in Europe and in the United States for further review and investigation, officials said.

Moscow has confirmed to the International Atomic Energy Agency that one thwarted theft of three kilograms of weapons-grade uranium occurred in St. Petersburg this summer, according to people

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EXHAUSTED RWANDANS — Refugees waiting for food Tuesday in Zaire. Fearful, 140 Rwandans called off a return to their homes. Page 5.

The 'Big Drain' in Sub-Saharan Africa Billions in Aid Fail to Eradicate Ghana's Poisonous Gully

By Steve Coll
Washington Post Service

ACCRA, Ghana — In dreaddocks and sunglasses, the revolutionary turned environmental activist Jonny Nash Laryea leads a morning march through the narrow red-clay alleys of Nima, this West African capital's largest shantytown, where more than 200,000 migrants live in energetic squalor.

A ragged line of curious youth and local elders trails Mr. Laryea as he passes beer-brewers and cornmeal-makers over boiling vats, produce-traders haggling over piles of fruit, wood-sellers, children and the ubiquitous gatherings of young men who call themselves "the Horrors." "Downtown Manhattan," "Brooklyn City," "the Bronx," or, proudly, "Nebraska."

At the bottom of a hill, Mr. Laryea pauses. The parade shuffles to a halt. Ahead lies a sprawling, rat-infested, trash-filled, disease-ridden gully whose wretched stream is the shantytown's main waterway. "You ask what prompted us to form our organization," Mr. Laryea said, referring

to his Godson Environmental Organization, which is trying to clean up Nima.

"Look. There it is." The Big Drain is what shantytown residents call this gully. It begins as a rainfall catchment behind the Accra airport, winds

This is another in a series of occasional articles dealing with the economic and social collapse of countries in Africa.

through dense urban slums and effluent-dumping factories and finally empties its swirl into the Odaw River, the Korle Lagoon and the Atlantic. Shanty dwellers, fishermen, fish, birds, trees and rich tropical plants are all victims of its poisons.

Listing environmental rehabilitation as a key priority, Western donor governments and multilateral agencies allocated \$1.1 billion in aid and credits to Ghana in 1993 and have pledged another \$1.1 billion this year. Yet, neither they nor the Ghanaian government have even been able to rid Nima of its most obvious and most dan-

gerous environmental hazard, the Big Drain.

Why they have failed is a story that illustrates a broad and complex environmental crisis afflicting sub-Saharan Africa as the century turns. This wider crisis might also be called "the big drain."

Under pressures such as rapid urbanization, population growth and civil conflict, sub-Saharan Africa is losing forest, water, biological, energy and agricultural resources at an alarming rate.

Per-capita food production has declined steadily for two decades. Freshwater reserves are disappearing faster than anywhere else in the world, according to the UN Environment Program. Forests — the source of about three-quarters of Africa's energy supplies — are vanishing at a rate of 1.7 percent a year, twice the Third World average, according to the UN Food and Agriculture Organization.

Dryland farming areas in Mali, Burkina

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China Stock Market Spawns a Dynasty

By Steven Mufson
Washington Post Service

SHANGHAI — Guan Jinsheng is bullish on China. And why not? Six years ago, the former student of French literature and son of a Jiangxi Province farmer started a company with no staff and an office in an unused industrial warehouse. Now, he runs the closest thing to Merrill Lynch in China: a securities house with 1,500 employees, about \$800 million in assets, a 34-story building under construction and a brisk business selling stocks to investors in China and overseas.

"The Chinese people have a gift for gambling and taking risks," said Mr. Guan, 47, president and chief executive officer of Shanghai International Securities Co. Like Charles Merrill, who said he would bring Wall Street to Main Street, Mr. Guan is building a nationwide network of retail offices and is already peddling stocks in 20 Chinese cities.

Mr. Guan's story is not just a personal or corporate tale. It is interwoven with the story of China's economic reform efforts. His company's growth would have been impossible without the elements of private enterprise the government brought to a "socialist market" economy, and without good relations with public officials.

His future is tied closely to the reforms. In the eyes of China's rulers, the stock market is still an experiment. And the fates of the companies listed on the stock exchange depend heavily on the thrust of economic policy.

"If the government cannot give a clear sense of direction about where the economy is going to move, then people don't know what to do with the stock market," said Huan Guoceng, senior economist for J.F. Morgan Bank in Hong Kong. "So far the government has not been giving a very clear indication of where it's going."

But people like Mr. Guan have long been subject to the vagaries of Chinese politics.

Born to a family that grew fruit trees, he began university study in 1963. The chaotic Cultural Revolution began a year later and Mr. Guan, whose French program was considered a "greenhouse for revisionism," spent five years working in textile factories and on farms in the Shanghai area. But he continued to read French and, when improved Chinese relations with France

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Kiosk

UN Aide Hints at End To Bosnia Embargo

UNITED NATIONS, New York (Reuters) — The UN mediator Thorvald Stoltenberg said Tuesday that lifting the arms embargo against the Bosnian Muslims "could be helpful" provided it was done as a result of a Security Council decision and not unilaterally.

He said he had no doubt that a border closing ordered by Yugoslavia to pressure the Bosnian Serbs to accept an international peace plan would be effective, although President Slobodan Milosevic of Serbia had rejected the idea of border monitors.

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New York	3784.57		115.57
The Dollar		Trib Index	
DM	1.9615	previous close	1.9522
Pound	1.5395		1.545
Yen	100.485		100.13
FF	5.354		5.3285

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Tokyo Protests Shooting Moscow Defends Attack Off Kurils

MOSCOW — Russia and Japan traded angry charges Tuesday after a Russian patrol boat had opened fire on a Japanese fishing boat in disputed waters. Moscow launched legal proceedings against the captain of the boat that was hit Monday by Russian gunfire off the disputed Kuril Islands. Russian officials also defended the action of naval border guards.

In Tokyo, a Foreign Ministry spokesman said its ambassador to Moscow, Koji Watanabe, had complained to a Russian Foreign Ministry official, calling the incident "extremely regrettable."

He said a similar incident had taken place in November. Russian authorities said border guards opened fire on the Kia-Maru, one of two boats caught poaching Monday 11 kilometers inside Russian waters off Anuchino, a southern islet within sight of Japan's main northern island, Hokkaido.

One crew member, named in Tokyo as Norikazu Nakoshi, 25, was injured in the spine. Russian officials said he was recovering after medical treatment.

The Japanese boat was detained and towed to Krabovaya bay on Shikotan, one of the four Kuril islands seized by Soviet troops from Japan at the end of World War II.

The dispute over the islands has defied solution despite the end of the Cold War and Russia's desire to win Japanese investment in its huge unexploited Far East territories.

Vice Admiral Nikolai Kudinov, a senior naval border guard commander, said in Moscow that the Russian vessel opened fire after the two Japanese boats had refused to heed warning shots and made "dangerous maneuvers" as they tried to head for home.

"When we find a boat with no flag and no identification we have no doubt this could affect our security and we have to fulfill our responsibilities," Admiral Kudinov said.

A Foreign Ministry spokesman, Grigori Karasin, said at a news briefing that Deputy Foreign Minister Alexander Panov had summoned Mr. Watanabe and told him that Tokyo should take steps "to prevent future such incidents."

Mr. Karasin said Moscow had on several occasions proposed that joint steps be taken to stop poaching, including co-operation between Russian border guards and the Japanese Navy.

The Interfax news agency said Mr. Panov had refused to accept a reciprocal protest from Mr. Watanabe.

But the Japanese Foreign Ministry in Tokyo quoted Mr. Watanabe as telling Mr. Panov: "This is the second incident since last November. This is extremely regrettable."

The Japanese said that the captain of a Japanese trawler had been shot in the thigh in November.

Moscow in April adopted a tougher line over the issue, announcing a crackdown involving warships and aircraft to prevent operations by high-speed Japanese boats.

Moscow attacked Japanese forces in Manchuria in 1945 and occupied the islands after the Japanese surrender. Japan demands that the islands be given back and refuses in the meantime to sign a formal peace treaty.

Moscow Acts to Strengthen Ties to Nationalists

By Steven Erlanger
New York Times Service

MOSCOW — The Russian government is moving on several fronts to shore up political support with nationalists and clarify its policy toward the newly independent countries of the former Soviet Union.

These moves represent the latest indications that President Boris N. Yeltsin is moving to the political center and trying to co-opt his divided nationalist opposition.

In Chechnya, in southern Russia, the Yeltsin government is trying to undermine the government of a former air force general, Dzhokar Dudayev, who declared independence two years ago and harbors many leaders of organized crime. Mr. Dudayev has called for a general mobilization.

While ruling out using force, Mr. Yeltsin has thrown money and support behind rebels in the north of the small mountainous province of 1.2 million. Yeltsin aides call for new elections, but want Chechnya to drop its claims of independence and start obeying Moscow.

In Moldova, the former Soviet republic between Romania and Ukraine, Russia has finally agreed on a three-year timetable for withdrawing its troops, who have been based there since the 18th century.

In the former Yugoslavia, having considerably aided Western efforts to get Serbia to enforce an embargo against the Bosnian Serbs, Moscow is now pressing harder to lift UN sanctions against Serbia, as Mr. Yeltsin's nationalist opponents have been demanding.

Officials are preparing a policy statement that would try to link Moscow's relations with the states of the former Soviet Union to their treatment of Russian minorities.

A draft decree would create a commission to oversee the condition of the 23 million or so ethnic Russians still living outside Russia proper. The Moscow Times reported.

Two weeks ago the newspaper Kommersant reported that Deputy Prime Minister Sergei M. Shakhrai, who lost his post as nationalist minister in May, would head the commission.

These decrees are still unsigned and may not be in their final form. But drafts were released by a nationalist lobbyist, Dmitri Rogozin, who heads a movement called the Congress of Russian Communities.

A Yeltsin spokesman refused to comment on any unsigned decrees, noting only that "Russians abroad" were a top priority for the government.

Mr. Yeltsin has been outspoken in his defense of Russians outside Russia for two years now, well before Vladimir V. Zhirinovskiy won nearly 24 percent of the party-preference vote in parliamentary elections in December.

The new decrees would not seem to change government policy, which has been moderate in practice, but put a stronger spotlight on Mr. Yeltsin's patriotic and nationalist credentials.

Mr. Yeltsin is even taking a Volga River cruise for a week to talk to "common voters in an informal atmosphere," his aides say.

Any similarities to the extended train trip across the country by the novelist Alexander I. Solzhenitsyn, who stopped to talk to ordinary Russians about their lives, are of course wholly coincidental.

It must also be coincidental that Mr. Yeltsin's former vice president, Alexander V. Rutskoi, who led the revolt against him last October and was then pardoned by Parliament, has just announced plans to visit 62 Russian towns to kick off his own unofficial presidential campaign.

Elections for Parliament and president are scheduled for June 1996, although various officials close to Mr. Yeltsin have been suggesting postponing them until 1998.



An election worker in Colombo, carrying a ballot box, with a police escort.

Sri Lanka Is Tense After National Vote

By John F. Burns
New York Times Service

COLOMBO — Sri Lanka's 17 million people were bracing Tuesday for the results of a closely contested general election that has been one of the most violent since the island nation gained independence from Britain in 1948.

Reports from across the island indicated there had been only scattered clashes at voting stations. But after a monthlong election campaign in which at least 18 people were killed and hundreds injured, the government placed 50,000 troops and police on alert and imposed a round-the-clock curfew.

Early Tuesday, in a daring raid by underwater commandos, the rebel group known as the Tamil Tigers attacked a naval base on the Jaffna Peninsula, causing an explosion that ripped the vessel apart and killed at least two sailors.

A final election result is expected Wednesday, and it seems likely to be close.

The contest lies between the governing United National Party, which has held power for 17 years, and a coalition of opposi-

tion groups, the People's Alliance.

Many political analysts predicted that none of the parties would gain a majority in the 225-seat assembly. That would open the way to intense jockeying for support from among smaller parties.

The situation is complicated by the political system here, under which ultimate power rests with an executive president, currently D.B. Wijetunga, leader of the United National Party, whose term does not expire until February.

Even if the opposition wins, its candidate to become prime minister, Chandrika Bandaranaike Kumaratunga, has said that she will continue with the free market economic policies that were adopted after her mother, Prime Minister Sirimavo Bandaranaike, was defeated in the 1977 election.

Mrs. Kumaratunga, who was a self-avowed Marxist in her student days in Paris, has said she will put a "human face" on the policies of the United National Party government, which have produced growth rates in recent years of 5 to 7 percent a year.

But she has said that there will be no return to widespread nationalization.

Culture Courses Help GIs in New Cambodia Role

By William Branigan
Washington Post Service

PHNOM PENH — The U.S. Army is back in Indochina.

A 44-member team of military engineers and Special Forces trainers last month became the first U.S. military mission in Indochina — apart from a United Nations peacekeeping operation and personnel searching for missing in action — since the Vietnam War ended in 1975.

The team is providing the first direct training and military aid to the Cambodian Army in more than 20 years, instructing Cambodian officers in mine clearing and road building.

The approach is decidedly more sensitive than the last time U.S. troops were in the region.

Before arriving here last month, members of the U.S. team took crash courses in Cambodian culture, language and customs. To avoid problems of protocol with trainees who might outrank them, the Americans are wearing no insignia of rank.

"The first step is to build rapport," said Jason Smith, 28, a Special Forces

officer from Vermont. "We want to show we care and that we're willing to learn the language. This is a new country for us."

He said he was pleased to be part of the first training team to come back to Indochina. "I think there's a lot of good work that needs to be done, and I'm glad we're getting a second chance," he said.

In some ways, the effort is a dry run for possible future military aid to the Cambodian Army, which has suffered serious setbacks in recent fighting with Khmer Rouge guerrillas.

The United States and several other countries, including Australia and France, are considering helping the government reform the Royal Cambodian Armed Forces, as the merger of the previous Communist Party-led army and two small non-Communist resistance factions is known.

This new army has been torn by corruption and incompetence and burdened with a top-heavy officer corps and thousands of "ghost soldiers" who exist only on paper while commanders pocket their pay.

Leaders put the armed forces' strength at 130,000 troops, but Western analysts believe it is closer to 90,000. Nobody, including the Cambodian high command, knows for sure.

What is known is that the army has 1,800 generals and 10,000 colonels. There are three officers for every enlisted man. The armed forces are to be trimmed to 70,000, keeping about 100 generals.

Phnom Penh wants the United States and other countries to provide arms, but the potential donors agree that the army must be reformed first so material can be used effectively and not be sold to the Khmer Rouge, as happens now.

Major Russ Berkoff, head of the training mission, said that if the Cambodian armed forces show commitment, the United States will probably continue to provide help.

To minimize the risk of attack by Khmer Rouge guerrillas, who have threatened to retaliate against nations siding the government, U.S. trainers stick close to Phnom Penh.

Members of the U.S. Army's 84th Engineer Battalion, based in Hawaii,

will conclude their training of 47 Cambodian officers with a 26-day road construction exercise near the capital. U.S. soldiers of the 1st Special Forces Group, based in Okinawa, are training 45 Cambodian officers in mine-clearing and leadership techniques.

After decades of war and upheaval, Cambodia is laced with up to 10 million mines, according to the Cambodian Mine Action Center, an agency set up by the United Nations.

Cambodia to Pay Ransom

The Cambodian government has agreed to pay a \$150,000 ransom to free three hostages — from Australia, Britain and France — being held by Khmer Rouge guerrillas, a senior army commander said Tuesday, according to a Reuters report from Cambodia.

Lieutenant General Sok Bunsocum, deputy commander of the Third Military Region, said Prime Minister Prince Norodom Ranariddh had given the officials overseeing the negotiations "\$150,000 to secure the release of three foreigners who were taken hostage by the Khmer Rouge."

Seoul Is Hopeful on Easing Tensions With North

The Associated Press

OSLO — Easing tensions with North Korea over nuclear weapons could help dissipate a legacy of fear and be a first step

toward reunification, South Korea's foreign minister said here Tuesday.

"I can see some light at the end of a long and tortuous tunnel," Foreign Minister Han Sung Joo said about the recent U.S.-North Korea agreement that outlined ways to end the conflict over Pyongyang's alleged nuclear weapons.

He said his country was willing to join international efforts to convert North Korea's power plants to safer nuclear technology. He also said South Korea was considering supplying the North with electricity until the safer nuclear plants are on line.

Mr. Han said that although the Koreans were still technically at war, he did not believe it was unrealistic to think about reunification.

"It will be a difficult process to reintegrate, but I don't think it will be impossible," he told reporters here during a swing through Scandinavia.

But he added that South Korea was not sure who was leading the North since the death of Kim Il Sung. Mr. Kim's son,

Kim Jong Il, has been seeking to consolidate power.

Mr. Han also criticized North Korea for encouraging subversive activities against the South and inspiring thousands of rioting leftist students.

At least 1,200 students were arrested and 200 people injured during a government crackdown this weekend. The students demand closer ties with North Korea and the withdrawal of 36,000 U.S. troops stationed in South Korea.

WORLD BRIEFS

Israel and Jordan Sign Export Pact

AMMAN (Reuters) — Israel and Jordan have initiated an agreement to export \$30 million worth of goods to Palestinians in the occupied West Bank this year, Jordan's chief peace negotiator, Faysal Tarawneh, said Tuesday.

The pact is the first tangible sign of progress in five days of negotiations at a Dead Sea hotel to work out accords on border demarcation and water, key items on the road towards a full peace treaty.

According to the Jordanian news agency Petra, Mr. Tarawneh said the pact regulated the entry and quantities of Jordanian goods and commodities to Palestinian areas still under Israeli occupation.

Haitians Protest at U.S. Navy Base

WASHINGTON (AP) — A violent demonstration by 750 Haitian refugees at a U.S. Navy base in Cuba reflects growing unrest among the more than 15,000 Haitians there, a Pentagon aide said Tuesday.

Dennis Box, a Pentagon spokesman, said the administration did not believe the incident, which took place Saturday, pointed to a wider cycle of violence at Guantanamo Bay Naval Base. But he acknowledged that frustrations among the Haitians are rising. Twenty American military policemen and 45 Haitians were injured in the melee.

Mr. Box said no Haitian boat refugees had been spotted fleeing their homeland since Aug. 5, when 88 were picked up and taken to Guantanamo. He called this evidence that Haitians have gotten the message that their only chance of gaining asylum in the United States is to stay in Haiti to request it.

Poles Promote Communist-Era Spy

WARSAW (AP) — Poland's best-known Communist-era spy, Marian Zacharski, once sentenced to life imprisonment in the United States, was named head of Poland's civilian intelligence service, the media said Tuesday, surprising Parliament members and security officials.

In December 1981, Mr. Zacharski, now 43, was sentenced by a Los Angeles court to life in prison for conspiring to collect and pass on military information to another country. He collected information on the U.S.-made B-1 bomber, F-15 fighter and Patriot rockets for Polish intelligence. After four years in prison he was exchanged, with three other Communist bloc spies, for 25 officers of the Western intelligence services caught in Eastern Europe.

Between 1975 and 1981, Mr. Zacharski lived and worked in the United States as head of the Polish-American Machinery Corporation Polamco, based in Elk Grove Village, Illinois, which bought Polish precision and electric machinery, but his main task was gathering classified information.

Frankfurt Police Identify 6 Victims

FRANKFURT (Reuters) — Six victims found strangled in a Frankfurt brothel have been identified as four prostitutes from the former Soviet Union and a Hungarian couple who owned the high-class sex club, police said on Tuesday. The owners were Gabor Bartos, 55, and his wife Ingrid, 48. Police said the four women were between 18 and 30.

All were found strangled on Monday in the brothel in a residential area near Frankfurt's banking district. There were no signs of forced entry or violence and police said the attack had the hallmarks of a professional killing by at least two people.

Police said they had no clues to the identity of the attackers. German media speculated that the motive for the killings may be gangland rivalry and that the Russian mafia may be involved.

Red Cross Tells of Suffering in Kabul

KABUL (Reuters) — The International Committee of the Red Cross said Tuesday that 100 people had been killed and 900 wounded in an upsurge of fighting in and around this Afghan capital in the last 10 days.

"People's houses, public buildings and a number of hospitals have been hit," the organization said in a statement, which accused rival factions of indiscriminate air and artillery strikes. About 65 rockets have hit Kabul in the last two days.

The organization said the violence pitting the forces of President Burhanuddin Rabbani against those of Prime Minister Gulbuddin Hekmatyar and a northern warlord, General Abdul Rashid Dostum, had caused the highest number of casualties since a two-week bout of fighting in January.

Israel Refuses General's Extradition

JERUSALEM (AP) — Israel has informed the United States that it will not extradite a former air force officer accused of accepting millions of dollars in kickbacks from American firms for defense equipment purchases, officials said Tuesday.

A Justice Ministry spokeswoman, Ety Eshkol, said the United States had expressed an interest in the extradition of Rami Dotsan, a former brigadier general sentenced to 13 years in jail in 1991.

"We have told them, before they submitted any formal extradition request, that we would not comply because he was an Israeli citizen when the crimes were carried out," she said.

For the Record

Indonesia has withheld the distribution of two editions of the International Herald Tribune, an industry official said Tuesday. The weekend edition, which included a story on repression in East Timor, was withheld; so was the Monday edition, which carried a New York Times editorial criticizing the June crackdown on Indonesia's press and events in East Timor. (Reuters)

TRAVEL UPDATE

Delays Are Up on European Flights

BRUSSELS (Reuters) — European flights are facing increased delays after a two-year period of improvement, the Association of European Airlines said Tuesday.

During the first half of 1994, 11.1 percent of intra-European flights were late by 15 minutes or more, "reasonably good" figures and down on the same period last year, the association said.

"The improvement was all in the first quarter, however, with a steady deterioration since then," the association added. The increased congestion excludes effects of the French air traffic controllers' strike, which began in July.

British rail signal workers went on strike Tuesday for the 12th day since early June. (Reuters)

The Sudanese government has warned of possible floods as severe as those of August 1988, which were the worst in four decades. An Irrigation Ministry statement said the Blue Nile at the Ethiopian border had risen above its 1988 level. (AP)

Fifty-nine people in Spain were killed traffic accidents over the holiday weekend, the national traffic department said. (AP)

Fire damaged rail equipment at the Kuala Lumpur international airport, disrupting scores of flights in the last three days. Malaysia's transport minister, Ling Liong Sik, said. (AP)

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THE AMERICAS / 'A DIFFERENT PLACE'

A New-South Civil Rights Struggle in an Alabama Hamlet

By Jane Gross
and Ronald Smothers
New York Times Service

WEDOWEE, Alabama — This two-stoplight town is America's latest civil rights crucible, a speck on the map between Atlanta and Birmingham that has been riven by racial tension in the six months since a white high school principal threatened to cancel the prom to prevent interracial dating and was accused of telling a mixed-race student that her birth was a mistake.

The challenge of Hulond Humphries, 55, the principal, to the inextricable ode of social integration here and his disputed exchange with the student, Revonda Bowen, 17, have uncovered deep racial divisions long hidden in Wedowee, a hamlet known for the easy friendships among its 800 residents and for the huge bass in its local lake.

The big bass are still jumping in Lake Wedowee, but blacks and whites are looking at each other through narrowed eyes these days outside the county courthouse, the grocery and the flower shop on Main Street — and especially around the charred husk of the high school, which was set afire by arsonists.

"It seems like a different place now," said Ms. Bowen, who won a \$25,000 settlement from the school district after her confrontation with Mr. Humphries but has since seen

some of her relationships come unraveled amid the tumult. "Everything was quiet before. Now you can see everything, hear everything. Everything's out in the open."

The racial tempest that began in February at Randolph County High School looks on the surface like a replay of anguished decades past. It has riled blacks, unsettled whites, turned school board meetings into racial shouting matches and led to bomb threats, school boycotts and sound and fury from the National Association for the Advancement of Colored People and the Ku Klux Klan.

The four-block downtown is abuzz with crusading civil rights lawyers and curious journalists. The outsiders are welcomed by many of the blacks, who are tired of having to hold their tongue when treated with condescension or contempt, but given a cold shoulder by most of the whites, who were well served by the status quo.

On Aug. 7, in the dead of night, this situation exploded with the torching of the high school by an unidentified arsonist. Now Mr. Humphries, after months of support from the school board, has been reassigned to the central office and kept from the school grounds under pressure from the U.S. Justice Department. And federal marshals are packed under the pecan trees that shade the Bowens' home at the

end of a dirt road, protecting the family from threats that their's will be the next place to burn.

But on deeper inspection, these stock characters and plot from a bygone era give way to the here-and-now, to the stirrings of the New South. Even in this east Alabama backwater, where unapologetic racists hold power and

'The red lights don't all quit working when an interracial couple drives through town.'

Terry Graham, mayor of Wedowee, Alabama

blacks learn early not to speak their mind, the two races govern together, go to the same school without resorting to private segregated academies, live next door to each other and even date and marry with little public opprobrium.

Ms. Bowen's relationship with a white boy and the marriage of her white father and black mother are not extraordinary events here, say many of the more than three dozen people interviewed here. "Black and white kids ride to the Dairy Queen together, they

go to ball games and most people don't think anything of it," Mayor Terry Graham said. "It's prevalent, it occurs, it happens. The red lights don't all quit working when an interracial couple drives through town. This is 1994. We're out in the country, but we get TV. We know what's accepted."

As with so many taboos in American society, interracial dating is tolerated best when it is not discussed. Mr. Humphries insisted on talking about it at a February assembly he called after a fight between black and white girls, which seemed inspired by a cross-racial romance, and the confiscation of a .38-caliber pistol, the first gun ever found at the school, from one of the boys involved in the original dispute.

Many details of that assembly are under dispute, but not Mr. Humphries' conviction that the prom ought to be canceled, for fear of violence, if any student planned on bringing a date of another race, a decision that the superintendent reversed the next day. Ms. Bowen was one of several students who told Mr. Humphries she had such a date, and she asked the principal whom he suggested a girl with a white father and black mother should choose as an escort.

By her account, the principal said her parents had made a "mistake" in having her. Mr. Humphries has denied the accusation but has declined further

comment because of pending litigation against him and the school district by the Justice Department. The case, one of several federal challenges to Wedowee's compliance with a 1970 desegregation plan, was filed after the Bowen incident.

Mr. Humphries had ruled Randolph County High School with an iron hand until its destruction last week.

To whites, the principal seemed a bulwark against anarchy, a strong leader who used the wooden paddles in his office to keep the violence common elsewhere out of their school. But most blacks considered him a vestige of the Old South, chosen so whites would not feel threatened by integration.

Black parents, in keeping with the old social code, usually swallowed their grievances.

But the insult Mr. Humphries was accused of leveling at the mixed-race girl tapped a vein of anger among blacks, who account for about a third of the town's population.

"There was a lot of hidden racism here before the incident," said the Reverend Henry Sterling, a black pastor who is a leader of the protests. "But you could pass through and not know the tension. There wasn't a problem as long as blacks stayed in their place. But now the blacks have risen up, and it has drawn a line through the middle of the community."



DOIN' THE SARDINE STRETCH — Sardine packers loosening up during one of their twice-daily exercise breaks at the Stinson Seafood plant in Bath, Maine. The company hopes the exercises will help cut down on repetitive-stress injuries.

Away From Politics

- Heavy rain and high winds blocked roads, flooded coastal areas and knocked out electricity in the Florida Panhandle.
- Siding Ibrahim Shalabi Ali, the alleged ringleader of the Feb. 26, 1993, World Trade Center bombing plot, has decided not to cooperate with the government. Prosecutors had wanted him to testify against 12 other men accused in the plot, which killed six people and injured more than 1,000.
- Illegal aliens must reveal their undocumented status to get government-funded emergency medical services and pregnancy care in California, a state appeals court ruled.
- A one-year-old New York City boy having his diaper changed by his mother was killed by a stray bullet from a firefight outside the family's house, which had been the target of repeated complaints from neighbors about rancorous activity and drug dealing.
- The U.S. Border Patrol will add 250 more agents to the Texas-Mexico border as an effort to stem the tide of illegal immigrants enters its second year.

AP, Reuters, NYT

Clinton Shifts on Crime Bill

After Stern Words, He Now Talks, Softly, of Compromise

By Ann Devroy
and Kenneth J. Cooper
Washington Post Service

WASHINGTON — President Bill Clinton has turned from four days of attacks on Republicans over crime legislation to more soothing words of bipartisanship as the administration seeks compromises that would produce the eight votes needed to revive the bill.

None of the 19 House Republicans the White House is targeting to change votes has indicated that the attacks by Mr. Clinton and his team had produced the desired result.

But officials said they were open to compromise on parts of the crime bill, which may affect some votes.

Of the 58 House Democrats who deserted the White House on the 225-to-210 procedural vote Thursday that blocked the bill, some members of the Black Caucus were hinting they might bow to White House appeals, officials said. They included Representative Charles B. Rangel of New York.

The crime bill has taken on vast political and symbolic importance for Mr. Clinton, whatever its actual effect on crime

might be. Senior aides are arguing that if the president turns Thursday's defeat into victory, it will give his faltering presidency new life.

Virtually everyone in the administration is working on the issue. That includes Hillary Rodham Clinton, whose previous appearances have been almost exclusively in the health care arena.

The president has little to his schedule all week — a week the White House had thought would be devoted to health care — except lobbying for the anti-crime legislation.

[Mr. Clinton ordered Leon E. Panetta, his chief of staff to go to Capitol Hill on Tuesday and help Democratic leaders salvage his crime bill. The Associated Press reported. The White House press secretary, Dee Dee Myers, said Mr. Clinton planned to lobby some lawmakers by telephone and other in Oval Office meetings. Mr. Panetta was to meet with the Democratic leadership.]

The question of how much Mr. Clinton would compromise was in doubt, but the moderate Republicans who voted with the White House offered sug-

gestions on how he could pick up more Republican votes — mainly by trimming some of the bill's spending and strengthening two provisions.

One provision would toughen prosecutions for rape. The other would require community notification when a repeat sexual offender was released from prison and moved into a neighborhood.

Republicans also want the cost of the bill, now put at \$30 billion, to be reduced.

After months of focusing on death penalty and prison provisions, Republicans have turned to attacking the bill's crime prevention programs as wasteful.

On Monday, the president invited families of highly publicized victims of crime to a Rose Garden ceremony in which he said the crime bill is about protecting Americans, not about politics.

Marc Klaas, father of a California kidnap-murder victim, Polly Klaas; Steven Sposato, whose wife, Jody, was killed in a shooting spree, and Jaocia Payne, whose 9-year-old son was killed only days after he wrote a letter to Mr. Clinton about his fear of crime, were present. All urged passage of the legislation.

No Violence Senate Creeps Closer to First Votes on Health Care

As Cubans Leave Ship

Compiled by Our Staff From Dispatches

MARIEL, Cuba — Several hundred Cubans who had tried to go to the United States by rushing onto an oil tanker at the port here have left the vessel voluntarily, state television said.

The daylong occupation of the Maltese-flagged Jussara ended without violence.

State television quoted the Interior Ministry as saying that investigations would be opened into the responsibility for the incident, particularly of the Greek captain of the vessel, who was not named, and of some of the crew members.

The company that owns the ship, Jussara Shipping Company Ltd. Piraeus, denied that the captain was being questioned but said several Cuban crew members were taken into custody on suspicion of aiding the people who rushed the tanker.

A 3-year-old boy was badly hurt in the rush to get on the vessel. Officials quoted by the state news agency AIN said he suffered a skull fracture after falling from his uncle's arms.

Jussara Shipping Co. said that 1,000 people, not the 700 estimated by the Cuban government, had stormed the boat.

The group occupying the tanker began leaving the vessel early Monday. Authorities had promised them they would not face reprisals.

President Fidel Castro visited Mariel late Sunday to get firsthand details of the affair.

Tugboat workers held the vessel tied to the dock, according to state television, which praised neighbors and relatives of those who boarded the boat, some of whom went to urge the group to leave the boat.

It was not clear how the occupation of the Jussara was organized. One young man leaving the boat said that he had joined people going to the tanker after hearing about it from "people in the street." (Reuters, AP)

Lymph Node Not Cancerous, Simpson Told

The Associated Press
LOS ANGELES — O.J. Simpson does not have cancer, his doctor announced.

Dr. Robert Huizenga said that a lymph node removed from Mr. Simpson's armpit last week was "abnormally large" but that no cancer was found.

Lab studies will continue, the doctor said, in order to find the cause of the abnormality.

The former football star, who has been charged with murdering his former wife Nicole Brown Simpson and her friend Ronald L. Goldman, was tested for cancer because he was suffering from night sweats and swelling of the lymph nodes.

Swollen lymph nodes in the armpit, neck or groin can indicate the presence of a wide range of viral or bacterial infections, or more serious diseases such as cancer. Mr. Simpson, 47, also has a family history of cancer.

and cleared the way for votes to begin later Tuesday.

Nearly a score of senators from both parties known as the "mainstream coalition" met behind closed doors to fashion a sweeping package of amendments to present to both Mr. Mitchell and the minority leader, Bob Dole of Kansas.

Participants said their main concern was coming up with a way to slow the growth of health spending. But Senator John B. Breaux, Democrat of Louisiana, said they were also seeking to reduce the size of the benefit package.

Adam Clymer of The New York Times reported earlier from Washington.

Mr. Mitchell has never forced an all-night session in his six

years as majority leader. But he vowed to do so if no votes on amendments were allowed Tuesday.

"Those senators who want to delay," he said, "are simply going to have to be here around the clock to do it."

The Senate was remarkably still as he made his announcement Monday, with 60 or so members standing silently and listening. The minority leader, Bob Dole of Kansas, had refused to agree to a timetable for voting on amendments to the Mitchell bill. Mr. Dole left the Capitol before Mr. Mitchell spoke and his office said he would have no comment.

But Senator Bob Packwood, Republican of Oregon, who is managing the opposition forces

Tehran Recalls Envoy in Argentina

It Denounces 'Baseless Allegations' of Role in Bombing

The Associated Press

NICOSIA — Iraq announced Tuesday that it had recalled its ambassador from Buenos Aires for consultations in a dispute over allegations that Iranians were behind a bomb that killed 95 people and wounded more than 200.

The Tehran Radio, monitored here, quoted a source at the Foreign Ministry as saying the recall of Hadi Soleimani Pour "follows the spread of certain baseless allegations and propaganda against the Islamic Republic of Iran and our country's officials and diplomats, by some of Argentine media and organizations."

[Argentina recalled its ambassador to Tehran hours after Iran called home its envoy. Agence France-Presse reported from Buenos Aires.]

[The Argentine Foreign Ministry said that Mario Quisari del Castillo was being summoned for consultations, the second time he had been called home since the blast.]

[Deputy Foreign Minister Fernando Petrella acknowledged that bilateral relations were under considerable strain. "I would say that relations continue to be very tense," he told Radio del Plata.]

An Argentine federal judge, Juan José Galeano, has directed

that four Iranians, all working at the Iranian Embassy, be held for questioning in the bombing and he named three other Iranians as suspects.

Tehran has denied involvement and sought to discredit an Iranian defector, Manuchehr Motamer, whose testimony formed the basis of Judge Galeano's indictments.

The head of Iran's judiciary, Ayatollah Mohammad Yazdi, said that four Iranian diplomats named by Judge Galeano were suing for defamation.

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U.S. Questions Jakarta Arrest

Reuters

JAKARTA — The U.S. Embassy in Jakarta expressed concern Tuesday over the arrest of the head of Indonesia's largest independent labor union and said his case may come up in dialogue over a bilateral trade privilege.

Muchtar Pakpahan, whose Indonesia Welfare Labor Union is not recognized by the government, was arrested in Jakarta on Saturday in connection with racially charged riots in April that left at least one ethnic Chinese businessman dead.

★ POLITICAL NOTES ★

Judges Fear Overload of Health Cases

WASHINGTON — An organization representing U.S. federal judges has expressed concern that the health care bills pending in Congress would generate a flood of litigation by people trying to enforce new rights to medical benefits and insurance payments. The judges said they were worried that many of those disputes would end up in federal courts.

The organization, the Judicial Conference of the United States, took no position for or against the legislation, which is intended to control health costs and widen access to health insurance.

"Policy decisions concerning health care reform are properly within the province of the other branches of government," it said.

But the judges noted that federal courts were already inundated with drug cases, which have caused delays for civil cases in many regions. The anti-crime bill now pending in Congress would give federal courts jurisdiction over many additional offenses, including gang violence.

The Judicial Conference laid out four principles that it said would guarantee that disputes over health benefits were resolved efficiently, without clogging federal courts. In general, it said, these disputes should be handled through administrative proceedings and then, if necessary, in state courts.

President Bill Clinton's health care plan and the bills offered by the Democratic leadership are, in many ways, inconsistent with the judges' recommendations. For example, the bills would give consumers more immediate access to federal courts than the judges consider appropriate.

Gwen Gampel, president of Congressional Consultants, a health care consulting company, said the experience of Medicare suggested that the federal courts would not be flooded with new lawsuits. But Barbara J. Rothstein, the chief judge of the U.S. District Court in Seattle and the chairman of the Judicial Conference subcommittee on health care, said any bill guaranteeing a right to health care or health insurance would increase litigation.

"It could have a drastic impact on the courts," she said in an interview. "That's what we're concerned about." (NYT)

Where There's Smoke, It's Political Fire

WASHINGTON — In the special interest struggle over health care legislation, the tobacco lobby has done better than most. Starting out as a major target of the Clinton administration, it has managed to scale down proposals for tobacco tax increases dramatically in both houses of Congress.

Emboldened by success, the lobby's chief Democratic benefactor in the Senate — the majority whip, Wendell H. Ford, Democrat of Kentucky — is using his formidable powers to stave off a comeback by anti-smoking forces, informed sources said.

Facing plans by several senators led by Senator Paul Simon, Democrat of Illinois, to seek higher tobacco taxes in floor amendments, Mr. Ford is resorting to political arm-twisting typical of such heavily lobbied issues, the sources said. According to those sources, Ford aides have threatened to derail certain Simon projects, including an ethanol program favored by Illinois corn farmers and an initiative for Chicago's O'Hare International Airport. The aides also have mentioned legislative reprisals against Senator Frank R. Lautenberg, Democrat of New Jersey, a Simon ally on tobacco control.

Mr. Ford represents one of the biggest tobacco producing states. Tobacco interests have contributed \$90,000 to his campaigns since 1985, according to the National Library on Money and Politics.

A Ford spokesman acknowledged calls by the senator's staff to check on the status of tobacco tax amendments. But he insisted the communications were not threatening. "That was farthest from our minds," he said. "Senator Ford's office doesn't operate that way."

At issue is how much Congress can wring from tobacco sales to help finance health insurance for more Americans. The proposal has economic appeal as a ready source of revenue, but touches a political nerve.

The bloc of tobacco country lawmakers is large and cohesive enough to make up the margin of victory on many issues in both houses, increasing the leverage of the lobby on tobacco legislation. (WP)

Whitewater Case Initiator Is Suspended

WASHINGTON — An investigator at the Treasury Department agency who began the inquiry into a failed Arkansas savings and loan that has erupted into the Whitewater investigation was placed on paid leave while she undergoes an internal review of her conduct, an agency official said.

The employee, L. Jean Lewis, was suspended along with two other investigators at the Resolution Trust Corp., which, as the federal agency managing the savings and loan bailouts, examines failed financial institutions to determine whether anyone is legally liable for their collapse, said Stephen Katsanos, the agency's spokesman.

But the reason behind the move was unclear, and Mr. Katsanos, citing a concern for privacy, said he could not describe the nature of the accusations.

The action was questioned by Representative Jim Leach of Iowa, who has led Republican efforts in the House to investigate Whitewater. (NYT)

Quote/Unquote

Vice President Al Gore, speaking in Rosemont, Illinois, on the need to reform government: "The bureaucracy and the red tape and the unnecessary rules and regulations and the nonsense and the stupid procedures that have imprisoned good men and women who want to get the job done — all that stuff has to be fixed. This is really an urgent task. People who think it's just words — get out of the way." (WP)

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Patricia Wells is the author of *The Food Lover's Guide to Paris*, now in its third edition.

A Prisoner With Dangerous Secrets

By Joseph Fitchett
International Herald Tribune

PARIS — With Carlos behind bars after a 20-year manhunt, France was confronted Tuesday with worries about a terrorist backlash and concern about diplomatic problems with countries liable to be embarrassed by the secrets of a key figure in international terrorism.

Any doubt was drowned by the "shock" of the "shock" shown in interviews by Interior Minister Charles Pasqua, a senior conservative politician and law-and-order proponent whose intelligence service relentlessly hunted down the world's most wanted terrorist.

In bagging a trophy terrorist, Mr. Pasqua enhanced his domestic political clout and came into possession of information that other Western countries and many Arab governments would like to have access to.

The intriguing questions, these diplomats said, are why Carlos was abandoned by his Arab sponsors and how he will be treated in the West.

In handing him over, Sudan may have hoped to improve its image abroad, a possibility dashed Tuesday by Washington for the time being. Sudan's gesture would not, by itself, be enough to remove it from the list of terrorist nations, a State Department spokesman said.

More significantly, officials said, Sudan must have consulted other Arab regimes, including Syria, and their accord signaled an interest in burying quarrels over past terrorism.

As a Western diplomat put it, "Carlos will provide a symbolic settlement of the Arabs' terrorist account with the West, with the French making sure that he does not make embarrassing public disclosures about countries that everyone wants to 'treat kindly now.'"

Mr. Pasqua vigorously rejected suggestions that France had made a deal with Sudan's anti-Western regime. A Paris newspaper said France was so eager to capture Carlos that it provided covert assistance to Sudan's campaign to put down a revolt in its southern region. Acknowledging the possible threat of terrorist operations in France to free Carlos, Mr. Pasqua said that France had taken all the necessary precautions.

Western intelligence specialists said that the international attention surrounding Carlos's capture was overdue recognition of France's tougher anti-terrorist line in recent years.

These sources played down risks to France. "If the French saw Carlos as anything other than a political gold mine, they would have arranged not to have him on their hands," a Washington official said.

Agreeing, European officials said that the sources of support had dried up in the Middle East and Eastern Europe that enabled Carlos to free his accomplice—Magdalena Kopp, now his wife—from a French prison in the mid-1980s.

Most intelligence specialists forecast versions of a scenario in which Carlos is put away for years in France without

making sensational public disclosures. Instead, the information he gathered during years as a hired gun for outlaw governments and high-level international desperado will become part of France's trove of facts to trade with other governments.

Carlos will be tried for crimes in France, including the killing of two French counterintelligence agents in 1975 and a 1982 bombing near the Champs-Élysées that killed one person and wounded 63.

A guilty verdict would put him in prison for years. While the authorities of allied nations want to interrogate Carlos—Britain's Scotland Yard has already said it does—a French prison sentence would block extradition demands by other countries while he served his term.

France has 13 other convicted or suspected terrorists in prison, some for more than a decade, but none has given a public picture of terrorist activities by Iran or other Middle Eastern governments.

Similarly, spy chiefs in ex-Communist countries such as former East Germany have provided few open disclosures about terrorist activities.

Their information, passed through intelligence channels, may have helped bring about the demise of Carlos, described Tuesday by a French official as "a database" about terrorists of his era still at large.

CARLOS: 'I'm Still Alive, and for a Long Time to Come,' Judge Is Told

Continued from Page 1

in absentia to life imprisonment for murdering two French security agents here in 1975, and more charges are likely to be brought against him.

France was also the country that most stubbornly pursued him, following—and occasionally losing—his trail for almost two decades and eventually tracking him down early this year hiding in Sudan under a false name. After lengthy negotiations, Sudan arrested him Sunday and handed him over to

French security agents, who flew him to Paris.

French newspapers were rife with speculation Tuesday over what Sudan's Islamic fundamentalist regime was given in return for delivering Carlos. Le Monde wondered whether the arrest could be linked to France's decision in December to free two Iraqis who were wanted for murder in Switzerland.

Liberation in turn claimed that France provided the military regime in Khartoum with

satellite photographs identifying the positions of anti-government rebel forces in southern Sudan. It also said that France arranged for Sudanese troops to cross the Central African Republic into southern Sudan.

But Interior Minister Charles Pasqua insisted that there was no trade-off, dismissing these reports as "disinformation" and suggesting instead that Sudan, which is on the State Department's list of states sponsoring terrorism, was simply eager to improve its image.

Khartoum has also stated that it made no deal with France.

Carlos began his terrorist career as a member of the Popular Front for the Liberation of Palestine and was later linked to terror groups in Japan, Germany and Spain. But he did not target Israel directly, and his most famous action was the kidnapping of 11 oil ministers attending a meeting of the Organization of Petroleum Exporting Countries in Vienna in 1975.

Carlos was accompanied during his interrogation by a lawyer, Mourad Oussedik, who said that Carlos had been "kidnapped" because France had filed no formal extradition request. The lawyer said Sudanese agents "threw themselves on him, neutralized him, drugged him and tied him up" before he was handed over to French security agents at the Khartoum airport.

It was later announced that Carlos would be defended by France's most controversial lawyer, Jacques Vergès, a former Communist who defended the Nazi war criminal Klaus Barbie during his trial in Lyon in 1987. Mr. Vergès also defended Magdalena Kopp, who later married Carlos, on charges of possessing explosives. She served three years in prison.

Serbs Fire UN-Held Gun Near Sarajevo

SARAJEVO, Bosnia-Herzegovina — Bosnian Serbs fired at Bosnian government forces with an anti-aircraft gun supposedly under UN control in an arms-strengthening depot near Sarajevo, a UN military spokesman said Tuesday.

The incident was provoked by a machine-gun barrage into the Bare weapons-storage point from Bosnian Army positions not far away and was the latest in a series that have eroded the integrity of a 20-kilometer (12-mile) UN security zone around Sarajevo.

There were no reported injuries. The United Nations Protection Force protested to both sides over the incident, which underscored the fragility of the exclusion zone and poor security around nine UN sites containing 281 heavy weapons belonging to Bosnian Serbs.

The humanitarian airlift to Sarajevo resumed Tuesday after being suspended because of sniper attacks on UN planes.

The airlift, on which the 380,000 residents of the rebel Serb-besieged Bosnian capital are almost totally dependent for their supplies, was suspended July 20 after five planes were hit by gunfire. It resumed for three hours Aug. 5, before NATO planes struck Serbian targets, and two days later, before being suspended again because of the sniper fire.

A total of 15 relief planes were expected to touch down Tuesday at Sarajevo airport, where the United Nations Protection Force hopes to arrange patrols with the mainly Muslim Bosnian Army on one side of the runway and Bosnian Serb forces on the other side.

On Sunday, Sarajevo's besiegers and the Muslim-led Bosnian government signed an agreement banning snipers, who recently resumed deadly attacks on civilians after a break of several months.

The two sides also pledged verbally to stop shooting at planes bringing food into the Bosnian capital.

Also Tuesday, thousands of Croats displaced by rebel Serbs ended their 47-day-old blockade of UN traffic in and out of the Serb-controlled territory.

"As of this morning, all but two of the 19 crossing points into the UN Protected Areas are opened," said Paul Risley, UN spokesman in the Croatian capital, Zagreb. "We welcome this improvement."



A Bosnian Serb manning an observation post, equipped with field glasses, near Sarajevo.

Threatened, Rwandans Call Off Trip Home

Reuters

GENEVA — More than 140 Rwandans, who were due to have been the first refugees to voluntarily return home from Zaire, called off the trip after they were threatened with death as collaborators, UN officials said on Tuesday.

The office of the UN High Commissioner for Refugees also said it was closely watching the situation in the French "safe haven" near the Zairean border, where Rwandan Hutu have been massing.

Aid officials say they fear the French withdrawal from southwest Rwanda Aug. 22 will spark a fresh exodus across the frontier to the Zairean town of Bukavu, already flooded with 320,000 Rwandan refugees and short of food and water.

A spokeswoman, Sylvana Foa, said 144 Rwandans were to have been repatriated by truck on Tuesday morning from Mugunga, a refugee camp west of Goma which holds 250,000 people.

"They came to us today and said they had been threatened they would be killed if they actually went ahead and repatriated — they would be killed as being collaborators of the Rwandan Patriotic Front," she told a news briefing in Geneva.

"They asked us to call off the repatriation," she added. "They were told by the elders if they went ahead it would be considered collaboration. Intimidation does still continue in the camps."

Many Hutu who fled abroad are terrified that the front, which won Rwanda's civil war, will wreak revenge for massacres of 500,000 Tutsi and moderate Hutu attributed to the defeated Hutu administration.

She said that between 2,000 and 3,000 refugees appeared to be crossing daily into Bukavu, up from 300 during the week-end.

Italians Suspect Anti-Semitic Aim In Assisi Attack

Reuters

ASSISI, Italy — Three youths have slashed the face of a Norwegian Jewish woman in what appeared to be an anti-Semitic attack, the police reported Tuesday.

Myriam Geelmuyden, 44, a writer who has lived here since 1988, said the youths grabbed her by the hair while one slashed her cheek with a knife and another tore off her Star of David necklace in the assault on Monday night.

"They shouted, 'Dirty Jew! Go home!'" she said. The wound required three stitches. The police in Assisi, the birthplace of St. Francis and a site of Roman Catholic pilgrimage, said the attackers were believed to be Italians.

Opposition politicians have said the presence of the neo-fascist-led National Alliance in Italy's coalition government is encouraging violence. The core party of the National Alliance is the Italian Social Movement, which traces its roots to Mussolini.

PLUTONIUM: Made in Russia

Continued from Page 1

familiar with the matter. But Russia has yet offered no details about the three German cases involving bomb-grade materials because it has yet to receive a detailed lab analysis, these people said.

Meantime, German police and Western intelligence agencies are trying to trace the supply networks of 10 suspects now imprisoned in Germany in the three cases, which are apparently unrelated.

They are also looking for any potential buyers of smuggled weapons-grade materials in the transactions. But German police and government officials say that so far, they have no firm evidence that such bomb buyers—other than undercover officers in sting operations—ever existed.

On the scientific side of the investigation, nuclear physicists are developing detailed atomic profiles of the plutonium and uranium seized, as well as profiles of the other elements that were mixed into the three smuggled batches. These scientific profiles are typically called "fingerprints" or "signatures" and can provide strong indications as to where the batches of nuclear material originated.

The most intensive lab investigations in Karlsruhe this week seek to unravel the full profile of the 300 to 350 grams of plutonium-239 seized from the two Spaniards and one Colombian arrested in Munich. The trio traveled to Germany on a flight from Moscow.

The Bavarian police announced Monday that lab tests had shown the plutonium-239 was enriched to 87.2 percent, somewhat less than normal for a plutonium-based bomb. Other officials familiar with the work cite additional evidence suggesting that the sample came not from a Russian nuclear warhead but from a plutonium reprocessing plant at a Russian military nuclear complex.

Besides the high amounts of plutonium-239, the Munich batch contains about 10 percent of plutonium-240, an isotope that prevents nuclear bombs from working properly, these officials said. Its presence in such large quantities suggests the plutonium came from military reprocessing plant, not a warhead, they said.

"I thought, 'My God, it's still a sizable amount of poison' for any nuclear bomb maker to

overcome, said one official, expressing relief at the discovery of the plutonium-240.

Also, the batch is in powder form, not metal. This also suggests it came from reprocessing, not a warhead, because if the smugglers had access to plutonium-239 in metal form, there would be little reason to grind it back into a powder. The metal form would be just as easy to smuggle and more valuable.

Even stronger evidence of leaks from Russian military nuclear facilities is available in another smuggling case, the first of the three recent seizures of highly enriched nuclear materials in Germany, officials involved said.

That case began in May when German police investigating an alleged local counterfeiter and traveling salesman named Adolf Jäkle seized a 62-gram batch of mixed nuclear and nonnuclear materials from his garage.

Within the mixed batch scientists later found about six grams of virtually pure plutonium-239.

The plutonium had an unusual profile, however. The plutonium-239 isotope was present in 99.7 percent of the batch, a very high degree of purity—higher than is typical in plutonium-based nuclear weapons. The rest was small amounts of four other plutonium isotopes—238, 240, 241 and 242.

—STEVE COLL

BOMB: 'Nuclear Mafia'

Continued from Page 1

because of its proximity to the source of supply and the ready market.

An undercover police agent interviewed but identified only as "Peter" by German television news said Tuesday, "There is a nuclear mafia which is now largely situated in the German-speaking area. This circle of people is ideally suited because it has maintained excellent contacts with the former Soviet Union."

The agent said that some of the materials were smuggled in by boat from the Baltic Sea. Russians have not been the middlemen in any of the deals disrupted by German authorities so far.

Judge Quits Abiola Case In Nigeria

Reuters

ABUJA, Nigeria — The judge in the treason trial of the opposition politician Moshood K.O. Abiola walked off the case Tuesday, dashing the hopes that the chief justice would be freed and prolonging Nigeria's crippling political crisis.

Oil workers unions, whose 6-week-old strike has paralyzed industry and transport in the country, quickly said they would continue their action.

"We are going to intensify the strike until Abiola and other political detainees are unconditionally released," Ken Nwabor, deputy general secretary of one of the two unions, said.

Judge Mohammed Mustapha excused himself from the case, telling a packed court in the inland capital, Abuja, "It has been my desire to see that the accused gets unhindered justice. Now it is clear from all the utterances that they have no confidence in me."

His withdrawal is bound to delay the trial, as a new judge will have to be appointed. Chief Abiola waved as he entered the court. He embraced his wives, family and friends and laughed when the judge read out the charges of attempting to overthrow the military ruler, General Sani Abacha.

Security police later led him away. There was no sign that the authorities were ready to drop charges against the media magnate, who is widely believed to have won last year's annulled presidential election. His arrest, after he proclaimed himself president in June, touched off strikes and riots.

The Nigeria Labor Congress was shocked by the judge's withdrawal, its president, Pascal Bafyau, said.

The congress, which called off a two-day general strike to negotiate Chief Abiola's release, will be under pressure to resume the stoppage.

The oil workers strike, which began July 4, has choked off fuel deliveries in much of the country.

AFRICA: Billions in Aid Fail to Heal the Continent's Sub-Saharan Scars

Continued from Page 1

Faso and Botswana are succumbing steadily to the Sahara and Kalahari deserts.

Other developing regions such as Asia also must cope with a continuing net loss of resources, especially arable land and usable water. The difference in Africa is that economic productivity is not rising quickly enough to make up for the losses or to provide funds for regeneration.

Indeed, in per-capita terms, the sub-Saharan African economy is shrinking. In the aftermath of events such as the 1992 UN-sponsored Earth Summit, African governments and Western donors have renewed their commitment to reverse these trends. More than \$2 billion has been pledged to a World Bank-managed Global Environmental Facility.

Yet, even as they prepare to write their checks, donors describe many African governments as far too weak to implement such projects effectively. Moreover, even in countries such as Ghana, where the economy has been growing robustly for a decade and the government is relatively strong, African and outside donors often disagree about basic questions.

African leaders and leftist African intellectuals argue frequently that the industrialized world is too interested in trees and not interested enough in people.

"The West—the North—has its ideas of environmental problems," said Christiana E. Amosko-Nuama, Ghana's minister for environment, science and technology. "Biodiversity should be preserved. Tropical forests should not be cut. Industries should not pollute. Yes, we agree with all that."

"But you take this Nima problem," she continued, referring to the Big Drain. She said that biodiversity can be conserved if social problems upstream are solved. "The World Bank, the Global Environmental Facility don't understand that."

"A lot of people like to make the case that protecting the African environment is something the North wants to do for itself and they are going to profit from it," said Robert Tihman, the World Bank's director of environmental assessments for Africa. "That's nonsense. The people who are go-

ing to profit most from protecting the environment are the Africans themselves. Until they see that, all the money coming from the North is going to be wasted."

Between the poles of this debate, a relatively small but growing number of Africans, energized by recent global enthusiasm for environmental causes, seeks modest solutions on the local level.

Nima's voluntary, community-generated Godson Environmental Organization is one example. The difficulty is that at the grass roots, Africa's environmental crisis looks no more solvable than it does in government ministries or at international aid headquarters.

Consider the circumstances surrounding Nima's putrid gully. All agree that the problem here is not poverty per se. Indeed, for all its degradation, Nima bustles with economic activity and ambition. Instead, the trouble arises from broken, dysfunctional connections among government, slum residents, the land and available resources.

When migrants first came here a generation ago, tribal chiefs allocated communal lands in the traditional way. The new arrival paid the chief a tribute, threw a stone, marked off the distance of his throw and started building.

With independence in 1957, the Ghanaian government declared that all land belonged to the state. It effectively stripped the old chiefs of influence and introduced new land systems to compete with tradition. But the government was never strong enough to impose its writ on the ground.

Three decades on, as the number of urban migrants grows ever larger, the result is a nearly total breakdown in land management, rising conflicts over land use and paralysis in urban government.

In Nima, for instance, Ghana's government initially sought to solve the Big Drain problem by accepting donated German garbage trucks, installing a few skills near the waterway and charging about 2 cents for each bucket of waste dumped in the bins by slum residents.

Several of the trucks have broken down for lack of maintenance. Residents see no reason to pay for trash removal service when they can dump waste in the gully for free.

So Accra's daily production of 900 tons of waste mainly ends up in its stinking, poisoned watercourses.

The obvious solution—taxing residents and providing waste removal service with the revenues—has not been feasible because local governments in Ghana are unable to collect taxes effectively.

And because land ownership is so unclear and so fraught with conflict, slum residents tend not to see themselves as long-term landowners responsible for upkeep.

The generally corrupt, finance-starved central governments that are the legacy of decades of despotic rule and economic decline in much of sub-Saharan Africa only aggravate the situation, many Africans, Western aid officials and environmental activists say.

Rapid deforestation in tropical West Africa, where trees are being cut for subsistence and for export faster than in any other region in the world, partly stems from profits-making collusion among African politicians, local loggers and international timber companies, according to Western aid officials, environmental activists such as Friends of the Earth and evidence presented in prosecutions by the Ghanaian government.

There is at least one important area where African environmental management appears to be improving—the effort to control population growth.

Sub-Saharan Africa's population is growing at about 3 percent each year, faster than in any other region. Two decades ago, only a handful of African governments pushed population-control programs. Today about 40 African governments are actively trying to control rates of population growth. Some are succeeding.

Preliminary results from a 1994 joint Ghanaian-U.S. survey show a sharp decline in Ghana's population-growth rate, U.S. aid officials said. Kenya's growth rate has fallen almost by half since the 1970s.

"In Africa, what we need are a few demonstrations, some success stories," said ecologist Edward S. Ayensu, who chaired the Smithsonian Institute's botany department in Washington for a decade. "It's a long time since independence. We cannot blame anybody."

RATES: Wall Street Cheers Federal Reserve's Tough Stance on Inflation

Continued from Page 1

percent is really something close to zero because statistics are skewed and also take into account price changes for quality improvements.

The latest statistics showed that the Fed had both cause to raise rates and leeway to do so.

On Monday the central bank's own index of industrial production rose 0.2 per-

cent, a modest gain but also the 14th consecutive monthly increase.

As it met Tuesday, the Fed got word from the Commerce Department that housing starts had picked up by 4.7 percent in July after a 9.4 percent drop in June.

The key point about the moderate gain in housing starts is that it showed Fed governors that the shock of higher mortgage rates had begun to wear off and had

not put the rate-sensitive housing market into a free-fall. This further supports the Fed's view that higher rates "are not hurting any major sector in a big way," said Astrid Adolphson, of MCM Moneywatch.

For the Clinton administration, there was little to do but grin and bear it. Treasury Secretary Lloyd Bentsen and the chief White House economist, Laura D'Andrea Tyson, issued a statement saying they respected the Fed's independence.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Lift the Bosnia Embargo

Spurred by the Senate, President Bill Clinton has finally promised to promote the Bosnia policy he claims to have favored all along. He has set a late October deadline for the Bosnian Serbs to accept unconditionally the latest international peace plan. If they refuse, he says, he will ask the UN Security Council to lift the arms embargo against the Bosnian government. The embargo has unfairly frozen a huge imbalance in favor of the Bosnian Serbs. At the start of the war, Serbian forces seized heavy weapons from the old Yugoslav army's Bosnian storage depots. Then they used those weapons to besiege refugee-crammed cities like Sarajevo and Gorazde.

Mr. Clinton set his deadline to discourage senators from voting to lift the embargo unilaterally. That could damage U.S. interests by tempting others to violate United Nations embargoes that Washington supports, like those against Haiti, Iraq and Libya. Still, a Senate majority last week approved an amendment to the defense appropriations bill that would lift the Bosnian embargo unilaterally by Nov. 15. The effect is likely symbolic, since no such amendment was attached to the House version. But since a House majority previously voted to lift the embargo, the administration is now under pressure to get results in the Security Council.

The issue should never have come to a Capitol Hill showdown. Lifting the arms embargo is the policy President Clinton

says he prefers. But amid mumbling by the administration's foreign policy team, European preferences for enforced partition schemes involving large numbers of outside troops always carried the day.

Last month the United States, Russia, Germany, France and Britain drew up yet another partition map and warned both sides to accept it unconditionally or face concerted pressure. The Bosnian government accepted and the Bosnian Serbs refused. The five were divided on what to do, and neither Mr. Clinton nor Secretary of State Warren Christopher pressed for action. Instead of lifting the embargo, the five wagged their fingers once more.

Now, unless the Bosnian Serbs unexpectedly accept the plan, the issue will move to the Security Council. Britain and France will resist lifting the embargo. But, confronted with a strong administration position, backed by congressional threats of unilateral sanction-busting, they might go along. Russia will also resist. But Moscow is now exasperated with the Bosnian Serbs' duplicity and recalcitrance. It could agree to lift the embargo, especially if the Security Council could also grant sanction relief to Serbia — possible if Belgrade makes good on its recently announced cutoff of its Bosnian cousins.

The Clinton administration now has every reason to argue powerfully for lifting the arms embargo in the Security Council. May it at last be up to the task.

— THE NEW YORK TIMES.

Be Wary of North Korea

Negotiating nuclear policy with North Korea is a strange and eerie process. The United States and its friends are not entirely sure who is really in charge there, or what he (or they) might really want. Nuclear energy is not suited to the economic needs of an extremely poor country, but the North Koreans are determined to have reactors for what they claim are peaceful purposes, and make clear that the only open question is which kind. The alternative to these discussions is to revert to the positions of last spring, in which the United States fitfully threatened sanctions and North Korea fitfully threatened war. In these circumstances, the preliminary deal they have now struck represents at least movement in the right direction — although wall-to-wall caveats are required.

The dangers are obvious. North Korea has promised not to produce more plutonium, from which it could make nuclear weapons — in addition to the one or two that the CIA thinks it may already possess. It also says it will abandon two reactors, now under construction, that could produce much more plutonium. In response, Washington has agreed to move toward normal diplomatic relations and to help North Korea build two big reactors of the type widely used in the advanced industrial countries. The U.S. negotiators defend

this concession by pointing out that these light-water reactors would produce less plutonium than the graphite reactors that the North Koreans are building. They also argue that it would take nearly 10 years to build the light-water reactors and that in that time many things can happen in North Korea. They are counting on a closer involvement with South Korea and Japan, which would apparently bear most of the heavy costs of these projects.

It would be crucial to ensure that not only legally but physically North Korea could not break its commitments — that the new reactors would be built into a system that could not be severed along national boundaries. That needs to be a central purpose of these talks.

One further objection is that the new reactors would constitute a multibillion-dollar bribe to desist from violating past promises. This unsettling truth cannot be wished or talked away. It is an unhappy circumstance that implies at least two imperatives for the American negotiators. One is that they find ways to ensure that they are not setting a precedent for Iran or Libya. The other is that they get real, demonstrable and enforceable results for any such deal, which is to say that they make sure the outcome would be worth it.

— THE WASHINGTON POST.

The Nuclear Have-Nots

What security assurances should the United States offer to countries like North Korea if they give up their efforts to acquire nuclear weapons? Will it refrain from using nuclear threats against them? Will it press the United Nations to come to their aid if they are threatened by other nuclear powers? These questions need to be addressed in the Clinton administration's review of nuclear policy now nearing completion. Finding the right answers could prove critical to current efforts by the administration to curb the spread of nuclear arms in Korea and elsewhere.

It usually takes a serious security threat to prompt countries to develop nuclear arms. In most cases to date, nuclear threats fed nuclear ambitions. Feeling menaced by a nuclear-armed rival set off chain reactions to acquire nuclear arms in the Soviet Union, Britain and France, and later in China, India and Pakistan. States like Argentina, Brazil and South Africa, which started down the nuclear path without feeling in nuclear peril, subsequently gave up their nuclear ambitions.

With that historical pattern in mind, efforts to curb the spread of nuclear arms need to satisfy the security concerns of their potential possessors. One way is to provide countries that renounce nuclear arms with adequate security assurances, like guaranteeing never to threaten them with nuclear weapons and pledging aid if others make such threats against them. In recent years the United States has given Ukraine and Kazakhstan such assurances as part of deals to disarm. The issue of assurances has also arisen in negotiations to ban nuclear testing and is likely to come up next year when the Nuclear Nonproliferation Treaty is scheduled to be extended.

That treaty itself contains no such assurances. Instead, after it was concluded in 1968, the United States, Britain and the Soviet Union made identical declarations

to seek "immediate" action by the UN Security Council to assist any state that signed the treaty if it were attacked or threatened by a nuclear power.

But the United States refused to give up the option of threatening to use its nuclear arms, even against an adversary that was not nuclear-armed, until 1978. Only then did it renounce use of nuclear arms against states that signed the nonproliferation treaty or any other international accord not to acquire nuclear arms. But it made an exception for countries like Poland and India, which had nuclear-armed allies.

That exception applied to North Korea as well. The United States could drop the exception in North Korea's case in return for a verifiable end to its nuclear program. That would reflect the reality that North Korea's security pact with the former Soviet Union is dead and that it has no nuclear guarantee from China. Moreover, the United States and South Korea have ample conventional deterrent against the North. What sense does it make to threaten a country with nuclear attack while trying to coax it out of nuclear armament?

To induce states to ban nuclear tests and extend the nonproliferation treaty, Washington might take a step toward no first use of nuclear arms. That is best not done as part of either treaty because it would delay their completion. But the United States could seek a joint declaration with Russia, China, Britain and France not to use or threaten to use nuclear arms against any state that is observing international treaties banning weapons of mass destruction.

Given its superiority in conventional arms, the United States can afford to give up nuclear threats against non-nuclear states. Preventing the spread of nuclear arms makes the United States more secure than retaining the threat to use them.

— THE NEW YORK TIMES.

When the Rulers Go to War With Their Own People

By David Keen

OXFORD, England — Ten years after the Ethiopian disaster comes the Rwandan catastrophe, and evidence, if it was needed, that Africa has still not shaken the sickness of famine and violence. The vast growth in spending on emergency relief has neither addressed the causes of humanitarian disasters nor ensured effective aid for their victims.

Probably nothing will change until the world acknowledges that famine and violence are typically manipulated by those who expect to benefit from them.

The scandalous inaction of foreign governments and the United Nations in Rwanda reflected a readiness to perceive the violence as "mindless," a product of "age-old tribal enmities." Such prejudice, combined with a focus on aiding refugees, has obscured the urgent need to constrain — and now to punish — members of a governing Hutu clique who cynically incited ethnic violence.

The international inaction has disturbing precedents. Elsewhere in Africa, donor governments have neglected the functions of violence and of famine itself, allowing the untrammelled manipulation of hunger. While Tutsi have simply been massacred, other groups have been starved. As

saults on the food supply have become a key military strategy in Africa's civil wars. Governments have sought to deprive rebel movements of recruits, support and civilian "cover" by destroying local economies and forcing the exodus of civilians.

In northern Ethiopia, southern Sudan and north-central Mozambique, raids by government forces and associated militias on food crops were supplemented by restrictions on trade and relief shipments, forcing migration from rebel areas.

With governments and rebels competing for control of the people, the international agencies' habitual pleas that relief be "politically neutral" have repeatedly fallen on deaf ears.

During the Ethiopian famine in 1984 and 1985, the worst hit province, Tigre, with a third of the affected population, received only 5 percent of the relief food. It was no coincidence that Tigre was a rebel stronghold.

In Sudan's famine from 1986 to 1988, the region that suffered most, Bahr al Ghazal (again, a rebel stronghold), received less than 2 percent of the relief food.

These distortions, partly attributable to the government's in-

timidation of aid agencies and dishonest assessments of need, continue. In 1994, relief has been stymied by government army advances, bombings of relief camps and bans on aid flights to camps near the Ugandan border.

Famine is also a tool of economic engineering. In Ethiopia, the government's denial of relief to the needy was meant not only to quell the rebellion but also to force hundreds of thousands of people to resettle farther south, where their labor was needed on state farms. In Sudan, depopulating the south has offered the prospect of access to oil there.

So often associated with the desert, famine has also struck areas of rains and rivers, where there are resources to exploit. In Somalia, the fertile region between the Juba and Shabelle rivers was raided by former President Mohammed Siad Barre's troops as well as by competing clans. Tempted by the prospect of land grabs and political spoils, merchants financed raids and backed attacks on relief shipments, deepening famine and boosting their profits.

The benefits of famine can also include access to diverted relief, a vital resource when much of the economy has been destroyed. In Somalia, extracting relief and "protection money" from aid agencies became big business. In Ethiopia, Sudan and Mozambique, relief became a key source of foreign currency to help finance war.

While relief organizations gain justifiable satisfaction from nursing people back to health in controlled environments, they need to be aware of their role in this wider manipulation of suffering. That means taking seriously a corresponding obligation to speak out about abuses and provide aid in politically sensitive areas.

Since private agencies often reasonably fear expulsion, the obligation of the United Nations and donor governments is particularly great. Yet they have typically kept quiet about abuses until media coverage has forced their hand.

In Ethiopia and Sudan, donors and the United Nations were conspicuously silent. During a peak in Sudan's 1987-88 famine, they turned a blind eye to militia raids, slavery, relief diversion and use of relief trains for military goods. By letting the government hijack aid shipments, donors encouraged the rebel attacks on them. These at-

tacks were then cited as "security obstacles" to aid to the south. The proliferation of militias makes focusing aid more difficult and peace agreements more fragile. Yet with reduced superpower support and increasing economic austerity, governments under pressure may find the use of private militias to put down political discontent particularly tempting.

As some elites turn to exploiting their own populations, it becomes doubly important to reduce the pressure of debt and austerity programs on African governments and to address the poverty, uneven development and crumbling state protection that create ready recruits for the resurgent militias. Channeling aid through local civilian institutions, as human rights organizations like African Rights have urged, can nourish alternative sources of authority to lure people away from the warlords.

But the first step is simply to recognize that some leaders are willing to use famine and violence for their own cynical ends.

The writer, a research officer at Oxford University, is author of "The Benefits of Famine." He contributed this comment to The New York Times.

Human Rights Monitors Can Help Bring Peace to Rwanda

By José Ayala Lasso

The writer is the United Nations high commissioner for human rights.

GENEVA — This Wednesday I leave for Kigali to ensure the speedy and effective deployment, and full operational capability, of 26 human rights monitors and observers in Rwanda. The presence of this small but effective human rights mechanism to investigate massacres that have already occurred, as well as reports of violations now, can provide the key to a prompt return of hundreds of thousands of refugees and displaced people to their homes.

As France withdraws its troops from Rwanda, early deployment of human rights monitors and their action aimed at confidence building and reconciliation are urgently needed.

This human rights effort follows the appointment of a special rapporteur by the Commission on Human Rights during its special session in April, and the creation in July by the Security Council and Secretary-General Boutros Boutros Ghali of a Commission of Experts to examine grave breaches of international humanitarian law.

At the behest of the members of the Commission on Human Rights, I set up a team of human rights field officers to work in close cooperation with the UN Assistance Mission for Rwanda and other UN agencies and programs.

The mission of the field officers is to

assist the special rapporteur in carrying out his mandate to report on the human rights situation in Rwanda — taking into account root causes and responsibilities for human rights violations — and to systematically gather information on violations of human rights and humanitarian law, and on such acts that may constitute war crimes and genocide.

The field operation began its work in early June, when the first two human rights field officers were deployed. Three others are being dispatched in the next few days, and one more is expected to join them in the coming weeks. Together with the 20 human rights monitors supporting the Commission of Experts, a total of 26 human rights specialists will be fully deployed soon in Rwanda.

In order to enhance the work of the Commission of Experts, which convened in Geneva on Monday for the first time, teams of two human rights monitors will be placed in each of the 10 districts of Rwanda, supported by local staff. Their role will include:

• Monitoring the return of refugees and displaced persons.

• Building relationships of trust so that reliable information is provided, thus countering the effects of inflammatory and racist propaganda.

• Raising human rights awareness among the population and the local authorities.

• Assisting in the process of discovering, recording and investigating massacres that may have taken place.

• Facilitating political dialogue and local-level conflict resolution.

The human rights monitors will closely coordinate their activities with those already being carried out by the UN High Commissioner for Refugees, the UN Assistance Mission in Rwanda and other UN agencies, as well as nongovernmental agencies in Rwanda. They will also facilitate the humanitarian effort by nongovernmental organizations.

The investigative work of the monitors will involve mostly collecting, in conditions of absolute confidentiality, witnesses' accounts and other evidence of human rights violations.

The resulting dossiers are to be prepared in such a way that they could be used for prosecutions by an international tribunal or by national courts.

There cannot be peace in Rwanda without reconciliation, and there will not be reconciliation without establish-

ing the facts and circumstances of the recent massacres and identifying and prosecuting those responsible.

Indeed, an international tribunal, acting speedily and prosecuting those individuals identified by the Commission of Experts on the basis of the information gathered by the human rights monitors, may avert the fear of reprisals and focus the energies of everyone on the overriding interest of reconstruction and national solidarity.

The funds made available through the regular budget to the high commissioner for human rights are not sufficient to support the expanded field operation in Rwanda. That is why I appealed on Aug. 2 for \$2.1 million over an initial period of six months to establish a network of monitors and provide appropriate coordination of human rights activities in Rwanda, as well as the related logistical and communication equipment. (The appeal was part of a consolidated UN appeal for more than \$430 million for Rwanda.) As of today, less than half that amount has been pledged.

We are struggling to find the necessary equipment and vehicles for the monitors to work in the field. It is not \$2.1 million worth the human rights contribution to peace in Rwanda?

International Herald Tribune.

The Galilean New World Offers an Opportunity to Seize Quickly

By Peter F. Krogh

WASHINGTON — The world is gripped by opposing forces: a revolution that detaches the United States as the center of the international system, and a reversion toward ancient prejudices. The revolution presents an opportunity for global peace that must be seized quickly if the reversion is to be halted.

The Cold War forced peoples to stop in their tracks and await the results of a contest beyond their control. With the victory of the West, they are now free to join the march of time. But in too much of the world, new freedom is being wasted in the settlement of old scores. In the Balkans, the

Caucasus, Kashmir and other places the clock is being turned back as tribes revisit ancient prejudices. The death toll mounts.

Meanwhile, an earthshaking revolution has occurred that will, sooner rather than later, hold the entire world in its sway.

The implications of that revolution, which is driven by the collapse of communism and the dissolution of the world's largest and potentially richest country, have not been fully grasped.

It helps to compare this change to the Galilean discoveries demonstrating that the earth

was not the center of the cosmos.

The cosmos, according to Galileo, had no center. That discovery required a fundamental reorientation of humankind's relationship to this planet and precipitated wholesale challenges to traditional authority.

That is what is happening today in the international system.

In the Cold War period, the United States was the center of the system. Most of the world rotated around it either in opposition to Soviet expansion or in acceptance of the political, economic and moral strength of the

United States. This latter choice was simplified, even compelled, by the macabre alternative of godless communism.

Now that communism is no longer the alternative, the rest of the world need not rotate around the United States. There are a number of possible centers, with their different belief systems, their different conceptions of how humans relate to the universe — different religions, cultures, civilizations, norms of personal behavior and familial loyalty.

Galileo's revolutionary vision, applied to contemporary affairs, opens up a new world of global relationships, including those based upon greater tolerance and acceptance of the accumulated knowledge of various cultures. The concomitant counterevolution, hauling the world back toward old prejudices, works in opposition to this possibility.

That counterevolution can be effectively resisted and reversed by acting creatively and magnanimously upon the opportunity presented by the Galilean revolution. The opportunity must be seized with the vigor and generous commitment that distinguished American leadership after World War II.

The times demand, however, a different brand of American leadership, one that heeds Pierre Teilhard de Chardin's admonition to "lay aside the ancient prejudices and build the earth." This cannot be done by fiat or by unilateral action. It can be done only by strengthening and widening international institutions that are

based on collaborative undertakings and guarantees.

Such institutions include global and regional trading regimes, security regimes and regimes for protecting human rights and the earth's environment.

New market economies must be incorporated into the liberal trading partnerships of the West; struggling new democracies must be brought into regional security arrangements; a flat-out effort must be made to strengthen the United Nations — including the establishment and empowerment of a rapid-deployment peacekeeping and peacekeeping force, trained as a multinational force from the ground up.

Equally important will be global educational initiatives of sufficient magnitude to overcome ignorance and intolerance. Such initiatives should be based on strategic alliances between the most enlightened, humanistic elements and institutions in the world, collaborating to harness new information technologies to the requirements of intercultural education. The objective will be to replace ignorance with knowledge.

For Americans, this effort should begin at home. Informed and generous American leadership of the Galilean revolution in world affairs will be indispensable to its success.

The writer is dean of the Walsh School of Foreign Service at Georgetown University. He contributed this comment to the International Herald Tribune.

Don't Be Calm About the Holocaust

By Robert B. Goldmann

BREMEN — "There is something at issue here that is so painful even now that, as we can see, it is not possible to consider it calmly." The "something" is the Holocaust. The comment is from an editorial in one of Germany's most distinguished newspapers.

The German media, along with those of other countries, have made much of the comments of a judge in Mannheim who showed understanding for a neo-Nazi who denies the Holocaust. The man not only believes that the mass murder of 6 million Jews was a technical impossibility, he goes on to blame the Jews for insisting, 50 years later, that it happened.

The judge cited, with apparent agreement, the neo-Nazi's anger at Jews who "use the Holocaust" to make financial, political and moral claims on Germany. In short, the Holocaust did not take place, and because it did not, what are these Jews doing pressuring Germans to admit it, and even to pay them something?

The judge, explaining a lenient sentence for a man convicted of incitement to racial hatred by publicly denying the Holocaust, deemed him to have a strong character, to be a good family man, and to hold his Holocaust-denying convictions so deeply that it is a matter of the heart.

The editorial writer asks: Isn't it unfortunate that we can't discuss this subject calmly?

No, it's not. There are subjects that not only cannot but never should be discussed calmly, and among them, perhaps first and foremost in this centu-

ry, is the Holocaust. For the Holocaust was such madness, such an unprecedented crime that shame, fury, horror and other emotions that are the opposite of calm are the only possible response of decent people.

And that is how the mainstream of German public opinion has reacted. Had it not, the German people's continuing efforts to grapple with the enormity of what Hitler did in their parents' and grandparents' name would be badly set back.

The saving grace of what happened in that Mannheim court on Aug. 9 is that 50 years after the Jews get a response from the leaders and the opinion makers of Germany that shouts "No!" The reaction of disbelief and disgust crossed party and all other kinds of lines.

The most hurtful thing about that judge's reasoning in granting leniency is that he never seemed to understand the special quality of the crime he was dealing with. The man who stood before him was not another rapist, burglar, even murderer, requiring the court to look into background, previous behavior, reputation in the community. The convicted man in this case was someone who, in denying the attempted extermination of a people, had committed treason against his people, against the moral framework that holds our societies together, against humanity itself.

To show sympathy toward this man, or to suggest that people ought to discuss the case calmly, is to misread history. And in doing so, it is to cruelly

interfere with the difficult, painful effort of teachers, preachers and parents to remember, to honor the memory of the 6 million, to inculcate not guilt but responsibility — the responsibility to face the horror that was committed, and to thus learn from it the lessons that help make sure that it will never happen again to any people.

Today and for years to come, Germans are involved in this process. A good citizen owes it to his fellow citizens not to disrupt this process. The real and meaningful "matter of the heart" is drawing the lessons that there were no ashes.

But there is something else, less spectacular than denial. It is boredom, mixed with annoyance at the "constant talk about Auschwitz," as a German was overheard to say a few days ago. Such folks need to think some more. There is nothing to be bored about when one people decides to annihilate another just because the victims are what they are — Jews or Muslims or Hutu or Tutsi. Next time, my bored or annoyed friend, it might be you, and there would be absolutely nothing boring about that.

Boredom, calm, understanding are not for the Holocaust. Deep anger, disgust and rejection are what it generates among decent people. It does so today, half a century later, and it still will half a century from now.

The point is not to satisfy Jewish insistence, not to expiate guilt two or three generations later, but to serve one's very own interest and the world's.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Suffrage Denied

NEW YORK — The New York State Constitutional Convention has rejected a proposed amendment providing for female suffrage. A very vigorous campaign was urged by the women of New York in favor of striking the word "male" from the State Constitution, so that all women should be allowed to vote and enjoy all the privileges granted by the Constitution to citizens of the other sex. Petitions were circulated throughout the State and received 272,230 signatures from 162,156 men and 110,074 women of all classes.

1919: Evils of the Bottle

PARIS — There is little or no coal in France. Sugar is comparatively rare; tobacco likewise, but there is alcohol. Drinks have gone up in price like many other things, but they may be had for

the asking. The deleterious effects of alcohol on society form the object of a letter by the jurymen of the Assises of the Seine Department to the Minister of Justice. These jurors say that out of the seventeen cases inscribed on the docket for the second half of July, fourteen were heard, and in ten of them alcohol was the initial, if not the only, cause of the crimes that were judged.

1944: Admitting Defeat?

WASHINGTON — [From our New York edition:] An indirect admission that Germany now realizes it has lost the war, coupled with an appeal for mild peace terms, was transmitted tonight [Aug. 16] by the German radio. Washington observers interpreted the broadcast as the start of a peace offensive as a result of the military reverses the Nazis are suffering on all fronts.

International Herald Tribune
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OPINION



The Clintonites' Behavior Isn't Funny

By Richard Harwood

WASHINGTON — Meg Greenfield, editorial page editor at The Washington Post, writes on the Whitewater affair: "There is a sense in which this is an administration of dodgem-car drivers, merrily bumping into each other as they swirl around the ring on what look to be their own individually plotted courses — until someone gets hurt."

It is an apt image that takes into its embrace not only a crowd of feckless Clintonians but:

• The federal judiciary, which has demonstrated that a Socrates does not necessarily lurk behind every black robe. In an act worthy of the Marx brothers, a three-judge panel announces that in order to restore public faith in the "nonpartisan" investigation of Whitewater, it has

the collapsed Arkansas thrift whose owner, James McDougal, was a partner of the Clintons in the Whitewater real estate venture. Before taking the job, Mr. Stephens, an embittered former federal prosecutor in the District of Columbia, was considered a potential candidate for the Republican Party's senatorial nomination in Virginia. He was summarily fired from his prosecutor's job when Mr. Clinton entered the White House.

• Congress, of course, has been addicted to farce from its first session in 1789, when it locked the doors to conduct its business in secret. Its reputation as a theater of the absurd has been much enhanced by its Whitewater hearings.

The House investigative committee is commanded by Henry Gonzalez, whose gavel is in the service of the White House, pounding down any committee member with the temerity to ask a pertinent question. He has a firm ally in Representative Maxine Waters, a gendarme from California, whose profound and memorable contribution to the inquiry was a primal scream aimed at a colleague on the committee: "Shut up!"

There is perhaps less farce but greater irony in the Senate, where the Banking Committee chairman, Don Riegle, presides over the Whitewater matter, which grew out of Madison Guaranty's collapse. He has competence in that area, having escaped the censure of the Senate as one of the "Keating 5" senators who went to bat before federal regulators for Charles Keating. Mr. Keating ran Lincoln Savings & Loan in California, which collapsed at a \$2 billion cost to taxpayers.

The senior Republican on the committee, Alfonse D'Amato of New York, has been particularly censorious of the ethical behavior of Whitewater witnesses who have come before him. He has expertise in that area, having been the subject in 1991 of a Senate Ethics Committee investigation into the strange case of his brother, Armand. The senator allowed his brother to use one of his Senate offices to conduct certain business affairs. Armand D'Amato's chief business was lobbying for defense contractors. His work has been suspended since his federal conviction last year for mail fraud. The central charge was that a defense contractor (Unisys) paid him \$120,000 to provide access to his brother, the senator, Armand

D'Amato is now in a federal penal institution. The senator got a nonfatal rebuke from the Ethics Committee and now lectures on morality.

For all the crudities, ironies and black humor of these hearings, they have raised the public's consciousness about government institutions and about the significance of the Whitewater affair. Despite vast media coverage, most people have not understood what Whitewater is all about. We are now beginning to realize that some of the things it is about are character, truth and lies, disloyalties and saving your own skin.

The behavior of the Clintonites caught up in this affair has been disillusioning to say the least, a reality we in the newspaper business have not succeeded in conveying as clearly as events in the hearing rooms. These young people had come to Washington as members of the New Meritocracy, the "best and the brightest," educated in the finest schools, recipients of Rhodes scholarships and fellowships galore. They were latter-day Kennedys who, sadly, have shown more panic than grace under pressure. They have lied to or about one another — even in their diaries if their testimony is to be believed.

The "laxness" of officials from Treasury and the White House in engaging in "indiscreet" and "inappropriate" consultations on Whitewater was dismissed by the White House counsel, Lloyd Cutler, as of no more significance than violating the House Banking Committee rule forbidding "food or drink in this committee room." He also said "these contacts had no impact on the real world." In other words, it was a kind of dodgem-car game.

In the past, critics of the media including myself, have written that the Whitewater coverage sometimes has been excessive, misguided or unfounded. The hearings have opened our eyes. They have revealed things about the character and fiber of important people in the Clinton administration, they have instructed us in the real meanings of "partisanship" and doubtless have exacerbated the public's cynicism about the political class.

The Washington Post.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Think About It: Killer Comets Are Out There

By Arthur C. Clarke

At 0946 GMT on the morning of 11 September, in the exceptionally beautiful summer of the year 2077, most of the inhabitants of Europe saw a dazzling fireball appear in the eastern sky. . . .

Moving at 50 kilometers a second, a thousand tons of rock and metal impacted on the plains of northern Italy, destroying in a few flaming moments the labor of centuries.

The cities of Padua and Verona were wiped from the face of the Earth; and the last glories of Venice sank forever beneath the sea as the waters of the Adriatic came thundering landward after the hammer blow from space. . . .

After the initial shock, mankind reacted with a determination and a unity that no earlier age could have shown. Such a disaster, it was realized, might not occur again for a thousand years — but it might occur tomorrow. . . . So began Project Spaceguard.

— "Rendezvous with Rama," 1973

MEANWHILE

comet, it is really the result of an "International Near-Earth-Object Detection Workshop" organized by the National Aeronautics and Space Administration in 1992. With a nod to "Rendezvous with Rama," the official report of this workshop was entitled the Spaceguard Survey.

I wonder what Thomas Jefferson would have thought of these developments, in view of his famous remark on hearing of a meteorite landing in New England: "I'd rather believe that two Yankee professors lied than that stones fell from the sky."

Certainly no one could have imagined how quickly and how dramatically a cosmic event so apparently removed from everyday affairs would become prime-time news.

In view of the number of collisions in this century alone — most notably, a comet or asteroid that exploded in 1908 in Siberia with the force of 20 hydrogen bombs — there is a very good case for a global survey of the possible danger, particularly as the shared cost among nations would be negligible compared with most national defense budgets.

(Historians might also be advised to undertake some surveying. Just as the numerous meteor-impact craters on Earth were never found until we started looking for them, so there may have been disasters in history that have been misinterpreted. Sodom and Gomorrah have a good claim to be meteoric casualties. How many others are there?)

Many people would probably prefer not to know of impending cosmic doom, if nothing could be done to avert it. Yet given sufficient warning time — which we hope Spaceguard would provide — we should be able to develop the technology necessary to ward off, or even destroy, such intruders from outer space.

There are at least three ways in which oncoming asteroids, or their cometary cousins, might be deflected. The first is the brute force approach: nuke the beast. A sufficiently large bomb — probably in the gigaton class, or the equivalent of about a billion tons of high explosive — could split an intruder into many fragments.

This would not necessarily be a good thing, because some of the pieces might still be heading straight toward us. The atmosphere, however, would burn up most of the smaller fragments, and at least instead of massive devastation in one area there might be minimal damage spread over numerous sites. Needless to say, such a preemptive strike is advocated by enthusiastic and currently underemployed bomb designers.

Perhaps a better solution is one I adopted in another novel, "The Hammer of God," in which a potential killer asteroid is detected a year before it will collide with Earth, giving astronauts barely enough time to make a rendezvous and deflect it into a harmless orbit by mounting rocket thrusters on its surface.

Given enough warning time — at least several years — this could be

done with very modest amounts of power. An initial deflection of only a few centimeters, at the beginning of a multimillion-kilometer journey, could ensure that the asteroid steered well clear of us.

Although the orbit of a solid body like an asteroid can be calculated centuries in advance (once the object has been discovered) the rocket-thruster solution might not work so well with comets. These flying icebergs warm up as they approach the sun and begin to vent gas. The resulting "jet propulsion" makes their future position uncertain, so if we ever have to deflect an oncoming comet, we would have to allow a very significant safety margin.

An even more elegant solution has been proposed by scientists at NASA and elsewhere: "solar sailing." The plan would be to attach a huge lightweight mirror of metal foil to the comet or asteroid, capturing the minute but continuous pressure exerted by sunlight. Unfortunately, the acceleration produced by this feeble pressure would be so minimal that years, even decades, of warning time might be required.

All these solutions would require a vast investment in new technology. But people who say "Why waste money on space?" should remember the dinosaurs, whose extinction it is now widely believed was caused — or at least accelerated — by the impact of a giant meteorite around 65 million years ago.

And NASA's increased commitment to identifying threatening bodies in space could have another benefit: It could give new inspiration to America's flagging space program, and restore some of the lost magic of the Age of Apollo.

The writer, author of "2001: A Space Odyssey," invented the communications satellite. He contributed this essay to The New York Times.

LETTERS TO THE EDITOR

Seoul and the Radicals

Regarding the editorial "Abuse in South Korea" (Opinion, Aug. 10):

Recognizing that South Korea has moved to full democracy, the editorial criticized, nonetheless, the methods by which South Korea counters student radicals and labor militants, and urged the U.S. government to speak out.

There are two separate but related series of incidents involved in what the editorial called "suppressing speech and locking people up for their unpopular opinions," one dealing with labor unrest, the other with student radicals.

Formerly, there was a wide mixture of elements engaged in the student and labor movements. Once democratization was achieved, those remaining in the movements became a radicalized minority. Since the inception of the civilian government in 1993, the authorities have been lenient, sometimes to such an extent as to tolerate even their nonsubversive illegal activities.

South Korean labor militants typically take over their workplace during strikes. This is unlawful in South Korea, and the police have acted to remove strikers. Most South Koreans have hailed the measures taken by the government as being like those taken by President Ronald Reagan in dealing with U.S. air controllers and by Prime Minister Margaret Thatcher with militant, striking miners.

The editorial correctly pointed out

the notoriety of the radical students. They deny the legitimacy and even the existence not only of the government but of the country itself. They express their views violently. The police raid on university campuses, reflecting the public mood, was preventive — with warrants to search out and capture those outlaws and their unlawful arms.

Furthermore, the student radicals proved to be not just "fellow travelers" but obedient to the directives of the Communist Party of North Korea, an enemy technically at war with South Korea. This is surely a matter of life and death for the more than 44 million South Koreans and the entire Korean people.

If one argues that the word "open" in connection with the South Korean government has been qualified, I would agree. It is the same in any democracy: qualification is justifiable for such reasons as national security and social justice.

With a bellicose regime 20 miles from its capital, what county could tolerate those who, in cooperation with the belligerent enemy, deny the legitimacy of a popularly elected government and of the country itself? That is why the civilian government decided to maintain the National Security Law in a revised form: no democratic government can responsibly permit collaboration with the regime of an implacable, undemocratic enemy.

PARK JIN HO, Singapore.

Harmful Expression

Regarding "Imperial Bangladesh: Author Escapes to Sweden" (Aug. 11) and "Judge's 'Slap in the Face' for Holocaust Victims" (Aug. 11):

You report that the Swedish minister of culture defends Taslima Nasrin's "natural rights to say and write whatever she wants." Yet on the same page we read of the (entirely justified) international furor and anger caused by the case of Gunter A. Dickert, who made a speech casting doubt on the Holocaust. Will the Swedish minister now rush to defend Mr. Dickert's "natural rights" to say whatever he wants, or is there some kind of double standard at work?

The truth is that there is no such thing as absolute freedom of expression. It all depends on the context and on the content of what is said or written. In this respect, Taslima Nasrin's writings fall much more closely into the category of "harmful speech" than is recognized.

O. R. JAIGIRDAR, Paris.

The lesson of the Taslima Nasrin affair is that the spread of religious fundamentalism of any kind jeopardizes human dignity and creates panic in society.

MIR MONAZ HAQUE, Berlin.

We must allow all members of the international community the same right of expression, and hold all to

the same level of accountability for their actions. Sadly, today the international community is more disposed to action against words and mere words against actions, as Bosnia and Rwanda attest.

RANDAL W. TAJER, Paris.

Take a Dekko at This Chit

Regarding "'Benefit of Borrowing Le Bon Mai' (Features, July 25): The writer asserts that Indians "torment the English language" even more than Americans do. The ludicrous but undeniable reality of the matter is that English, as spoken in rich, influential, white-majority countries such as the United States, Britain, Australia and New Zealand, is fashionable and more widely accepted largely because of the clout that these countries enjoy in all spheres. In other words, if we Indians were rich, we'd be "in."

Language is everyone's prerogative and develops differently across the world. And "prepos" is not the only word Indian English has given to other anglophones. For linguistic pundits, here is my advice: The next time you put your jodhpurs on to go for a chukka, stop off to munch a chunney sandwich, take a good dekho at this chit and ponder over whether we Indians are pariahs. If you can't figure it out, blame it on bad karma.

PADMA RAO, New Delhi.

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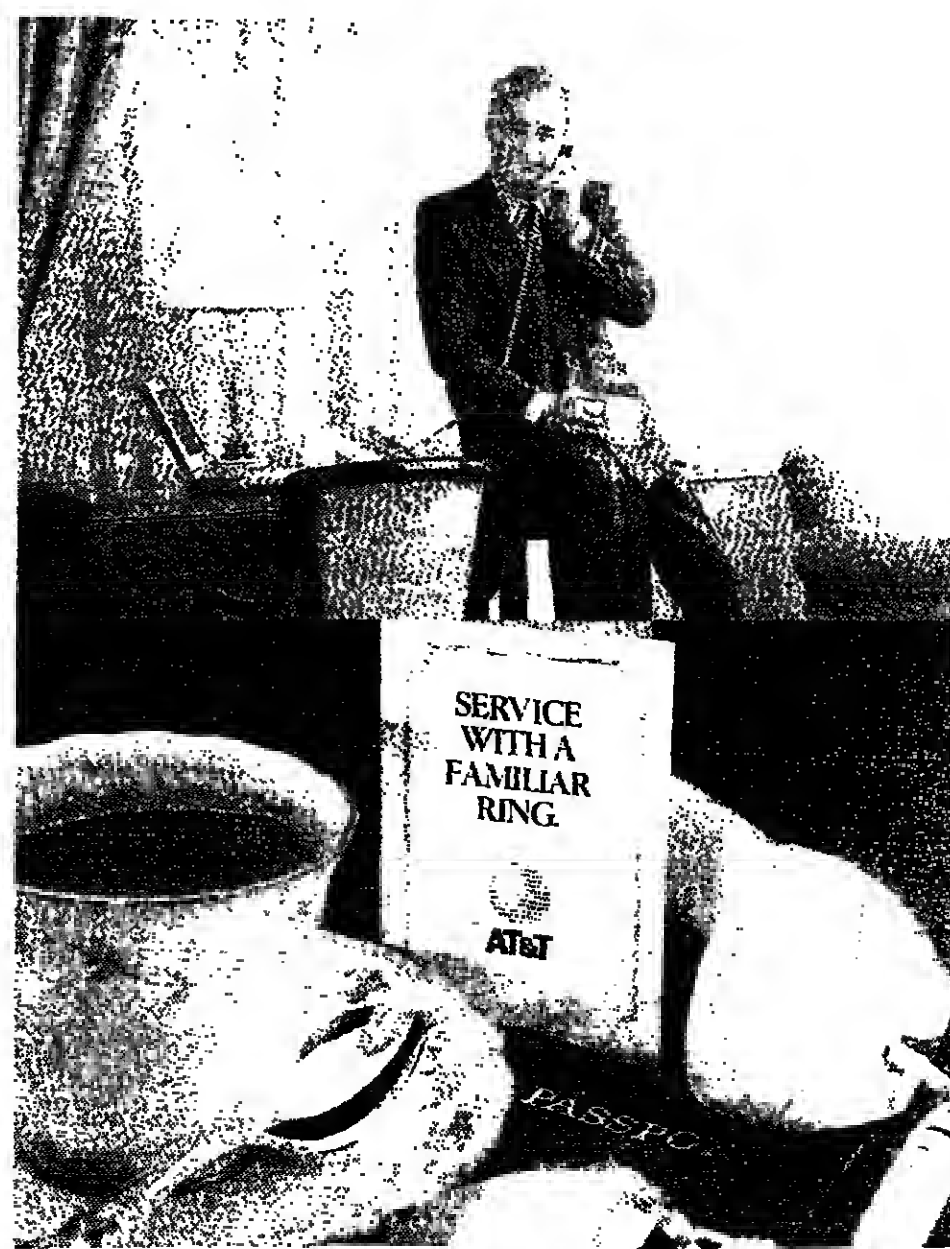
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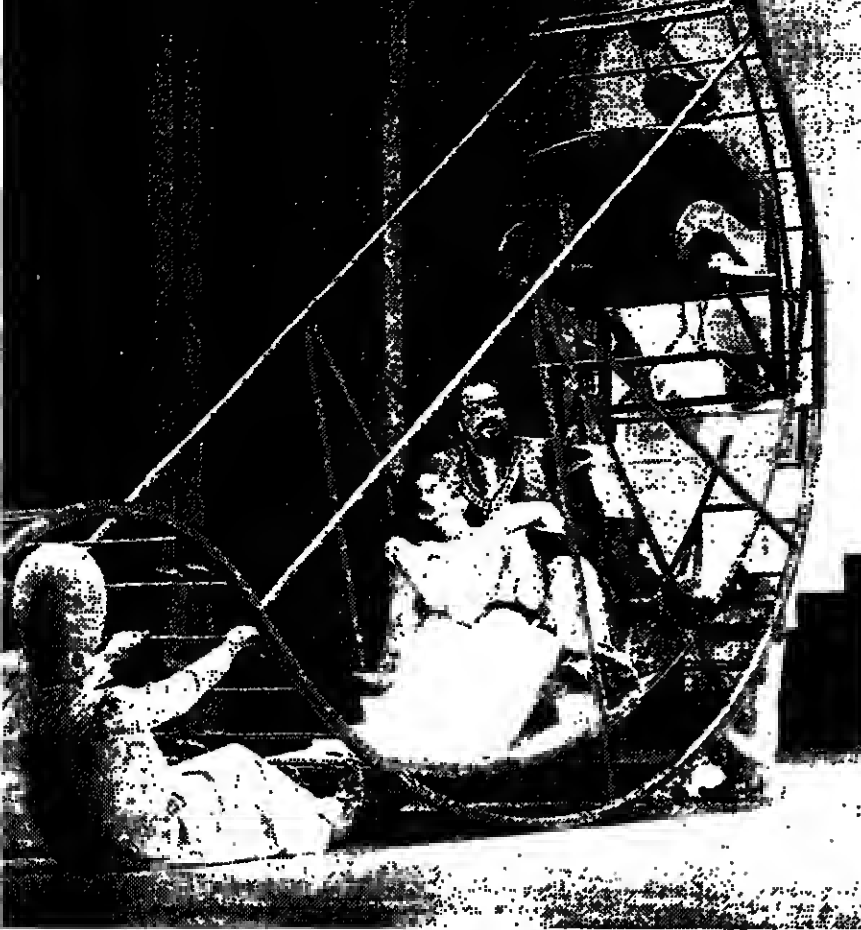
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Just a few of the ITT Sheraton Hotels in Asia, Australia and New Zealand: China: Sheraton Guilin Hotel; Sheraton Xian Hotel; Indonesia: Sheraton Inn Bandung; Sheraton Senggigi Beach Resort, Lombok; Sheraton Inn Lampung; Bandar Lampung; Japan: Kobe Bay Sheraton Hotel & Towers, Kobe; Malaysia: Sheraton Langkawi Resort, Pulau Langkawi; Philippines: Century Park Sheraton Manila; Australia: Sydney Airport Hotel; Sheraton Hobart Hotel; New Zealand: Sheraton Roturua; India: Mughal Sheraton; Windsor Manor Sheraton; Seacrest Sheraton; China: Sheraton; Park Sheraton; Manrya Sheraton Hotel & Towers.



Rossini, Seen by Dario Fo



A scene from Dario Fo's production of "L'italiana in Algeri" at Pesaro.

By Ken Shulman

PESARO, Italy — This city on the Adriatic, birthplace of Gioacchino Rossini and custodian of his musical legacy, can afford the artistic license of entrusting "L'italiana in Algeri," the opening production of this year's festival, to an audacious and irreverent man of the theater, Dario Fo.

"We are not the cathedral of Rossini," says Gianfranco Mariotti, the Pesaro physician who founded the Rossini Opera Festival and is still its superintendent. "If anything, we are an arena for debate and experimentation. There are many ways to interpret his music, and Dario Fo's is one of them."

Conceived in 1969, after Mariotti was

"thunderstruck" by La Scala's productions of "Il Barbiere di Siviglia" and "La Cenerentola" conducted by Claudio Abbado, the Rossini Opera Festival was born only in 1980. For its first decade, the festival's primary function was putting on stage the recovery and restoration work of the Rossini Foundation and its ongoing critical edition of the operas.

Beginning with "La Gazza Ladra," the opera that in 1818 inaugurated what is now Pesaro's Teatro Rossini, many long dormant Rossini operas have been brought back to life and the festival has become headquarters for the interpretation and performance of his music.

"Rossini composed 40 operas in his life," says Mariotti. "But 15 years ago, only three or four of them were known. The

music of Verdi, for example, has always been performed. There is a long tradition behind it, and a gradual, constant evolution. The music of Rossini was buried beneath a layer of ashes, like the frescoes of Pompeii."

Having exhumed the bulk of Rossini's music and set a standard for its interpretation, the Rossini Opera Festival can now throw off the role of archaeologist. Mariotti and his colleagues now attempt to make Rossini consonant with a contemporary public. Enter Dario Fo, one of the pillars of Italian contemporary theater, to stage "L'italiana."

"I have no experience with traditional lyric theater, and even less patience with melodrama," says Fo, whose only previous experience with opera was also with Rossini, his 1993 staging of "Il Barbiere" seen in Amsterdam and Paris.

"The characters in Verdi's operas remind me of marionettes. Nobody changes. Instead, in Rossini, there is irony, sarcasm, cynicism. And there is action, action that at times takes precedence over the music. It's all in the score. Anybody with a little ear will realize that Rossini wrote his music to support the action on stage, and not to dominate it."

It would be hard for any music to dominate the teeming spectacle of Fo's "L'italiana." Pulling every theatrical trick out of his fertile mind, Fo has peopled the stage with troupes of acrobats, jugglers, cyclists, strippers, and at one point with the Italian national soccer team. One gets the feeling that he would like to have Jennifer Lawrence — the excellent Isabella, the Italian girl in Algeria — turn a cartwheel or two between arias. Instead, the dozens of dancers and extras leap and tumble for the protagonists, miming, illustrating, and sometimes mocking their words and music. In many ways, Fo's Rossini is more carnival than opera.

"My idea was to restore the comic structures that were gradually removed from Rossini over the years," explains Fo, who spent six months designing the sets, props and costumes for the Pesaro show. "The original program for 'L'italiana in Algeri' lists eight dancers, 10 comic dancers, along with clowns, mimes and acrobats. My interpretation is merely an unpacking of all the unnecessary baggage that this opera has accumulated, and is based on thorough research. If Rossini didn't mean for it to be funny, why did he call it a comic opera?"

Enthusiastically received by the sellout opening-night audience of 950 at the Teatro Rossini, Fo's staging got a more tepid response from some critics, some complaining that the explosive theatrics had drowned out the music.

The festival, which runs through Aug. 29, includes stagings of the operas "Semiramide" (with Cecilia Gasdia in the title role) and "L'inganno Felice," and performances of the Stabat Mater, along with orchestral and chamber concerts, seminars and workshops.

Ken Shulman is an American writer based in Italy.

Eliza's Songs, a Voice Regained

By William Grimes
New York Times Service

NEW YORK — "My Fair Lady," a confection of a film, had a touch of bitterness to the taste when it was made in 1964. Julie Andrews created the role of Eliza Doolittle on Broadway, but the film role went to Audrey Hepburn. Hepburn, who had warbled sweetly in "Breakfast at Tiffany's," expected to sing her way through the great Lerner and Loewe songs, but her voice was dubbed.

Andrews got her own back when she won the Oscar for best actress for "Mary Poppins" that year. And now Hepburn will get a little justice as well. In the course of restoring "My Fair Lady," two film conservators have discovered some of the vocal tracks she recorded in pre-production and, using a little sleight of hand, have rescued two of the recordings from oblivion, "Wouldn't It Be Lovely" and "Show Me."

And when the fully restored film is shown for the first time at a benefit at the Ziegfeld Theatre in New York on Sept. 19, the Hepburn version of "Wouldn't It Be Lovely" will play as the final credits roll.

The Hepburn tracks resurfaced during a one-year, \$750,000 frame-by-frame restoration of the film by James C. Katz and Robert A. Harris, who restored "Spartacus" three years ago. The restoration was commissioned by CBS, which financed the Broadway musical and gained possession of the film materials in 1971 from Warner Brothers. Warner had bought the film rights for \$5 million in 1964, a staggering sum at the time.

CBS plans to rerelease the film in select markets and produce 30th anniversary laser-disk and videotape versions that include some of the archival material that Katz and Harris have unearthed.

The first public screening in the U. S. is Sept. 21.

The film, a smash hit in 1964, has had a tough existence over the last 30 years. In January, when Katz went out to the CBS vaults in Van Nuys, California, he found that most of the material Warner Brothers turned over to CBS had been thrown away.



Audrey Hepburn in "Fair Lady."

What remained, several thousand cans of film in 10 rooms, did not look promising. For one thing, most of the cans lay in piles on the floor, having been dislodged by the big quake of Jan. 17. Katz had to cowerbar his way into the vaults.

So many duplicate prints had been made from the original negative that it began falling apart as soon as it was removed from the can.

"The negative was scratched, the splices were falling apart, and there were no usable main titles," said Harris, who worked on the restoration of Abel Gance's "Napoleon" and David Lean's "Lawrence of Arabia."

The three color-separations, which had to be recombined for the full-color version of the film, were seriously defective, in part because Warner Brothers had for some reason begun running off duplicates before it made the separations.

Most of the labels on the cans had fallen off, so their contents were a mystery. To make matters worse, as Katz inspected the trove, the vaults were rocked by two mighty aftershocks, and film cans went flying. When the dust settled, Katz removed "My Fair Lady" to a film lab, and he and Harris embarked on the arduous process of sorting through the cans, correcting color, fixing ripped film and filling in gaps.

They also interviewed members of the original production to obtain technical information, notably from Gene Allen, set designer, and John Burnett, an assistant film editor.

Film restoration poses a touchy diplomatic problem. In the past, the studios discarded vast quantities of material that has turned out to be valuable, either financially or historically. In many cases, the material has found its way into the collectors' hands. "The studios regard these people as thieves," Katz said.

Katz and Harris's company, Film Preserve, can walk the shaky line between the two hostile parties, plumbing the studio archives and library collections with one hand and reaching out to the underground network of collectors with the other.

It was a collector who came up with the Hepburn songs, which no one knew existed. "We found untearable-generation tracks of Audrey doing the worst takes possible, almost like a blooper reel," Harris said. By picking out the best bits of the outtakes, the two men were able to produce two complete songs. The restored film will retain the singing by Marni Nixon, who also sang for Natalie Wood in "West Side Story" and Deborah Kerr in "The King and I."

LONDON THEATER

'Sisters Rosensweig' Falls Flat

By Sheridan Morley
International Herald Tribune

LONDON — Wendy Wasserstein's "The Sisters Rosensweig" is that amazing and considerable rarity, a new play still on Broadway after more than two years. It is also now at the Greenwich in a new production by Michael Blakemore with an all-local cast who, although in my view all of them vastly superior to the American originals, still manage to point up the failings of the drama while celebrating its commercial viability.

To put it crudely, this is Chekhov for the matinee matrons. Three sisters, all American, gather in London to celebrate a family birthday and check on each other's professional, marital, medical and sexual fortunes. There's the responsible one who's gone into banking (Janet Suzman), the daffy one who has become a minor radio agency aunt (Maureen Lipman) and the ambitious one who had to forsake reporting for travel journalism when the troubles got too close (Lynda Bellingham). All are delineated with all the care of a writer who knows precisely when to simply tug the heartstrings and when to start tying them in little knots.

All of them have secret agonies. They may not want, like their all-too-apparent Chekhovian models, to get to Moscow but they would like to get some men. One of them is twice-divorced already, another has a husband who has forsaken her for Raymond Chandler fantasies, and the

third falls in love with homosexuals or at least with one curiously obnoxious gay British stage director.

It is not that Wasserstein's characters are unreal, or that her London setting is in any way implausible. If anything, we have too much here of the real thing. Conversations that can be heard at most upmarket West London dinner parties are pursued to their relentlessly banal conclusions. Sure, this is a conversation piece, but a play needs to be about something more than two hours. In this case I have a terrible feeling that what we are meant to be watching is bonding, a process whereby the sisters at last come to know each other. But watching people bond is rather like watching paint dry. It takes a while, and at the end of all that has happened is what you thought was probably going to happen in the first place.

What we have is also relentlessly feckless. Characters raise issues of the moment from famine to AIDS, rather in the manner of New York writers listing from memory their dishes of the day. Nothing really ever gets resolved. Only Lipman's relentless vaudeville keeps the show on the road, balanced precariously even then over a swamp of sisterly sentimentality.

Wasserstein has written three great roles for women in midlife crisis. Given that there are still few such roles around, her play has been rightly welcomed by Equity members on both sides of the Atlantic. But she has not written much of a play to frame them in. Her sisters periodically beg each other not to turn them into clichés or

drama-queens, but as they have precious little else to be on stage, the danger is, always there.

The trouble with most anthology shows is that they are nearly always celebrations of somebody who has just been celebrated somewhere else. All credit therefore to Alan Strachan the deviser, and Wendy Toye the director, for taking the King's Head back to Flanders and Swann. "Under Their Hats" is a joyous tribute, and the first ever, to one of the most remarkable of all postwar showbiz phenomena.

Michael Flanders was a bearded, amiable giant of a man who had wanted to be an actor but was condemned by polio to a wheelchair; Donald Swann, who only died a few months ago, was a sometimes irritable, piano-playing pianist with a Messianic determination to spread the gospel. Together for only 10 years from 1956, they formed a stage double-act that survived marathon runs in the West End and, more surprisingly, on Broadway.

In fact, like all great Englishmen, they behaved as if they were foreign observers of a green and pleasant land going grayer by the hour. Their songs (Flanders words, Swann music) were almost never sung by others for they were unique, rueful, funny. "Greensleeves" wonderfully explains how the royalties still go to royalty.

The "Gau" and "Hippo" songs may be familiar, but the best of Flanders and Swann lies in their musical speeches about a vanishing world: for the King's Head, Morley Watson and Suzie Blake lead a cast of piano-playing crotchets in fine form.

BOOKS

LAST GO ROUND

By Ken Kesey with Ken Babbs.
238 pages. \$21.95. Viking.

Reviewed by
David Nicholson

THE events in Ken Kesey's new book, actually, last year's sort of which is why "Last Go Round" is fiction and not history. As he writes in the acknowledgments, apologizing to the citizens of Pendleton, Oregon, where the book is set: "If we offend the facts with our tall tale, pray accept our contrition and our excuse: A short little stub of a tale just would not serve."

Readers looking for the epic sweep of Kesey's "Sometimes a Great Notion" or the mordant humor of "One Flew Over the Cuckoo's Nest" won't find it here. What they will find is something of a period piece, part "real dime western," as the title of one chapter has it, part minstrel show, filled with courteous cowboys, silent Indians and a black wrangler as tough as Nat Love or Bill Pickett. It's a surprisingly good read.

The story takes place over several days in 1911. Jonathan Lee Spain of Tennessee, "scarcely seventeen, bright-eyed as a babe, and nearly as naive," is riding in a railroad stock car with his horse. His provisions finished, except for the last of the yams given him by a great-aunt weeks before, Spain is on his way to the Pendleton Round Up.

"I was gonna rove north, I vowed, and keep on a-roving till I reached whatever real frontier

was still left in our swiftly settling nation."

Soon Spain acquires two companions. One is an "Indian, thin and straight, wearing a flat-brim hat and a thin-tipped scowl," the other a "black-man with a grime as merry as his partner's was somber. The Indian is Jackson Sundown. The black man is George Fletcher, and the two are en route to Pendleton to compete in the Round Up. First prize for the cowboy champion is a hand-tooled saddle with "polished turquoise-and-silver inlay . . . [that] cost more than three hundred dollars."

Young Jonathan Lee Spain bets a hundred dollars on himself to win, even before he enters the rodeo.

Over the next few days Spain

tells us what happened, and which of the three cowboys won the saddle. There are plenty of rodeoing details. Mostly, though, Spain has adventures.

There's also a subplot involving Buffalo Bill Cody and Frank Golch, a murderous wrestler offering a thousand dollars to anyone who can stay in the ring with him for 10 minutes.

In between there's the rodeo, where Spain amasses enough points to seriously challenge Fletcher and Sundown for the title.

As a further bonus, there are two sections of photographs from the Pendleton Round Up. A reviewer inclined to quibble might ask whether Fletcher

isn't something of a caricature as Kesey and co-author Ken Babbs depict him, alternating between servility and arrogance. Such a reviewer might ask whether Kesey and Babbs weren't courting disaster by including the photographs. There are times, with the movie "Geronimo," as evidence, when the real story is more exciting than the made-up one.

No matter. "Last Go Round" is great fun. And, like a tall tale told round a campfire, it sticks to the imagination long after the reader's done.

David Nicholson reviews book regularly for The Washington Post.

BEST SELLERS

The New York Times		This Week		Last Week	
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.					
FICTION					
1	THE GIFT, by Danielle Steel	1	3	1	3
2	THE CHAMBER, by John Grisham	2	10	2	10
3	THE CELESTINE PROPHECY, by James Redfield	3	24	3	24
4	THE BRIDGES OF MADISON COUNTY, by Robert James Waller	4	105	4	105
5	POLITICALLY CORRECT BEDTIME STORIES, by James Finn Garner	5	6	5	6
6	EVERYTHING TO GAIN, by Barbara Taylor Bradford	6	4	6	4
7	THE ALEXANDER, by Cade Carr	7	18	7	18
8	THE CROSSING, by Cormac McCarthy	8	10	8	10
9	ONEINCE THE LION KING, adapted by Don Ferguson	9	2	9	2
10	UNIQUE INFLUENCE, by Steve Martini	10	3	10	3
NONFICTION					
1	EMBRACED BY THE LIGHT, by Betty J. Eadie with Curtis Taylor	1	6	1	6
2	THE AGENDA, by Bob Woodward	2	1	2	1
3	THE BOOK OF VIRTUES, by William J. Bennett	3	4	3	4
4	MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Bennett	4	5	4	5
5	MOON SHOT, by Alan Shepard and Deke Slayton with Jay Barbare and Howard Rosenberg	5	3	5	3
6	MOTHERLESS DAUGHTERS, by Hope Edelman	6	7	6	7
7	SAVED BY THE LIGHT, by Dennis Haskley with Paul Perry	7	6	7	6
8	SOUL MATES, by Thomas Moore	8	9	8	9
9	LIFE OF THE PARTY, by Christopher Ogden	9	9	9	9
10	REBA: My Story, by Reba McEntire with Tom Carter	10	10	10	10
11	WOMEN WHO RUN WITH THE WOLVES, by Patricia Galt	11	16	11	16
12	DAVE BARRY IS NOT MAKING THIS UP, by Dave Barry	12	7	12	7
13	THE CATCHER WAS A SPY, by Nicholas Davidoff	13	1	13	1
14	THE TRUE CRIME, by Elizabeth Marshall Thomas	14	1	14	1
15	GAL: A True Life, by Ruthie Bolton	15	2	15	2
ADVICE, HOW-TO AND MISCELLANEOUS					
1	IN THE KITCHEN WITH ROSIE, by Rosemary Daley	1	17	1	17
2	MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray	2	65	2	65
3	MAGIC EYE II, by N. E. Thing Enterprises	3	17	3	17
4	MAGIC EYE, by N. E. Thing Enterprises	4	31	4	31

THE LIBERATION OF PARIS

AUGUST 22-27
1 9 4 4

Following the success of the Normandy landings in early June 1944, Allied troops continued fighting throughout the summer across the north of France, finally reaching the outskirts of Paris.

In the last days of August, as the Allies approached the city, the unarmed population of Paris — reinforced by a small number of armed resistance fighters — rose against the occupying German forces. In four days of street battles and general insurrection, Paris was liberated.

To commemorate these dramatic days, we will reproduce the six front pages from the New York Herald Tribune chronicling the week of August 22 through 27.

Events covered in that same extraordinary week include the liberation of Marseille, Grenoble, Le Havre and Rouen, plus an exclusive report following the liberation of Florence. You'll follow the reports day-by-day from the Herald Tribune's award-winning team of war correspondents.

Don't miss the International Herald Tribune's
special commemorative series starting Monday, August 22nd.

Herald INTERNATIONAL Tribune



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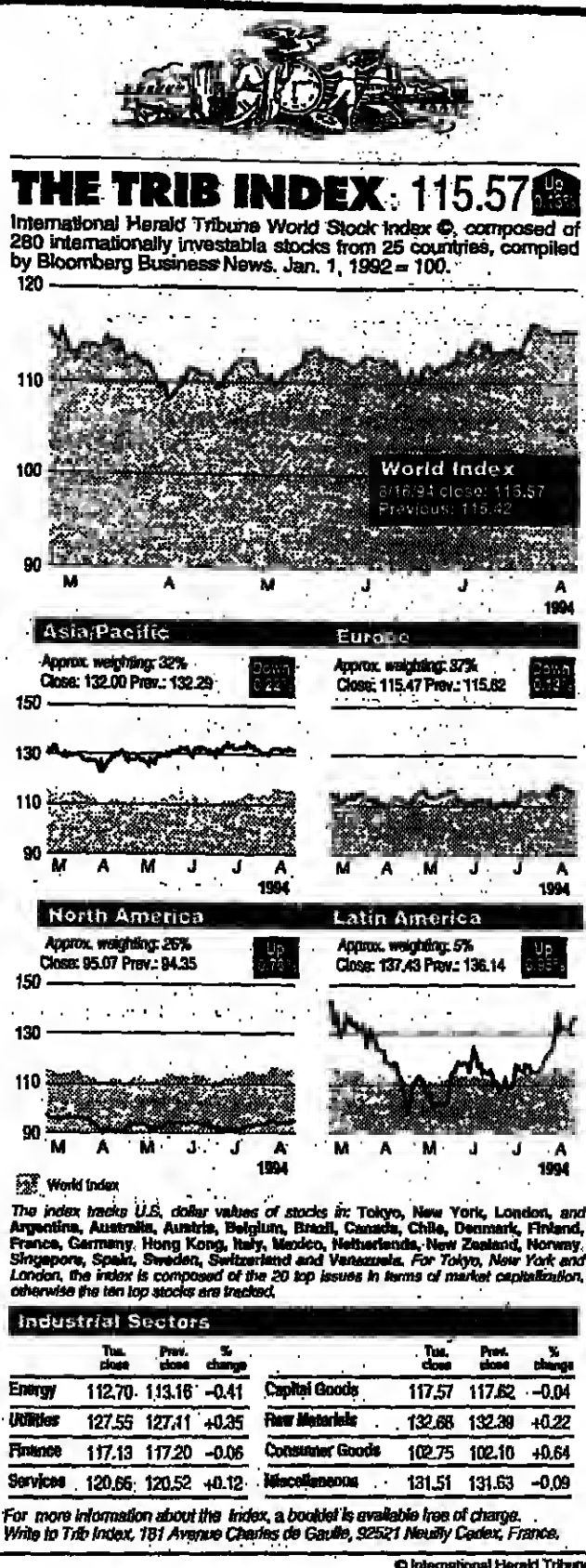
BUSINESS

International Herald Tribune, Wednesday, August 17, 1994

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EBEL

the architects of time



Cancer Scare Hits Schering

Firm Is Asked To Retest 2 Drugs

Compiled by Our Staff From Dispatches

BERLIN — Schering AG's stock price fell Tuesday after German health authorities asked the pharmaceutical giant to perform new tests on two of its best-selling drugs because of suspicions they may cause cancer.

The two drugs are marketed throughout Europe under the names Androcur and Diane 35. Diane, which traditionally has been used as a contraceptive pill but lately is increasingly used for the treatment of acne, has been on the market since 1980. Androcur, which is used in the treatment of prostate cancer, has been sold since 1970.

A Schering spokesman said the company had no plans to withdraw the drugs from the market.

Schering's stock ended at 915.00 Deutsche marks (\$572) Tuesday, down from 957.50 DM.

Both drugs contain a substance called cyproterone-acetate, which according to a spokeswoman at the Federal Institute for Medication and Medical Products may alter the DNA structure of mammals. She said scientists had done test-tube experiments on the side effects of the active substance on human liver cells.

Earlier tests on rodents had aroused suspicions about a possible carcinogenic effect from cyproterone-acetate, she said.

But Ralf Harenberg, the Schering spokesman, said the company's view was that "you can't make any connection to humans from these tests."

He said Schering sold about 400 million DM of the drugs annually, about 7.5 percent of last year's total sales.

(Reuters, Bloomberg)

The Treadmill Speeds Up

U.S. Enters Era of Three-Job Household

By Louis Uchitelle
New York Times Service

NEW YORK — When Robin Thornburg lost her job as a \$25,000-a-year paralegal, she was scared.

Her husband, David, an office clerk, made barely enough to cover the groceries and the rent on their \$700-a-month apartment in Arlington, Virginia. So she is trying to make up the lost income by working two jobs — as a full-time clerk for a loan company and a part-time bookkeeper for a company that rents out bodyguards.

"It kind of stinks, the two of us having so many jobs," said Mrs. Thornburg, who at age 24 matches her former pay of \$600 a week, but works 55 hours to earn it. "You argue about money and about hours, and on top of everything, we are both trying to get through college. We go different ways too much."

The Thornburgs are not alone. If the 1970s and 1980s saw women entering the American labor force in huge numbers, giving rise to the two-earner family, the current decade often sees one of these earners taking on a second job, giving rise to the three-job marriage.

Labor Department surveys of multiple jobholders, which this year for the first time are being compiled every month, give statistical underpinning to a trend that had been discernible largely through anecdote.

Today, 7 million Americans, or 6 percent of the work force, have 15 million jobs. Most

multiple jobholders are married, and nearly as many are women as men.

No other country approaches the United States in multiple jobholders.

Before this year, the Labor Department's Bureau of Labor Statistics had counted multiple jobholders only periodically, with the last survey in 1991 and the previous one in 1989.

Until the 1980s, those soundings showed, most dual jobholders were men with full-time employment who moonlighted part time. Now almost as many women are dual jobholders. They, too, usually combine full-time and part-time work, the new monthly surveys show, although women are more likely than men to hold two part-time jobs.

Some of the three-job couples go this route because one spouse wants to break into a new line of work that is more satisfying or better-paying. But the biggest portion, more than 40 percent, take the extra work to pay bills, these and other Labor Department surveys show.

Wage stagnation has played a big role in pushing married people into so much work, economists say. For three decades after World War II, incomes mostly rose, but in the early 1970s, the progress stopped. Since then 80 percent of U.S. households have failed to gain ground.

For many people, their latest "raise" had to come from taking an extra job. Labor Secretary Robert B. Reich said he had seen the phenomenon frequently. "It is symptomatic of the erosion of relatively well-paying employment," he said.

China Now Calls Giordano 'Model' Firm

Bloomberg Business News

BEIJING — The Chinese government appears to have given the Hong Kong-listed garment retailer Giordano Holdings its stamp of approval, six days after the company's outspoken chairman, Jimmy Lai, agreed to resign from his post.

An article in the Tuesday edition of the Economic Information Daily, the mouthpiece of China's cabinet, the State Council, praised what it called the "Giordano model" of retailing for the benefits it had brought to the southern city of Guangzhou.

Last week, Beijing's Industry and Commerce Department closed Giordano's month-old outlet in the capital, alleging it had not been properly registered. Hong Kong analysts interpreted the move

as retaliation for Mr. Lai's criticism of the government.

In a June edition of Mr. Lai's Next magazine, published in Hong Kong, Mr. Lai attacked Chinese Premier Li Peng for his role in ordering tanks to crush pro-democracy protests in Beijing in 1989.

Two days after China closed the store, Mr. Lai resigned as chairman, a move that seems to have appeased Beijing. But Giordano is still considering how to handle Mr. Lai's 36 percent stake in the company.

According to the paper, Giordano whipped up a "whirlwind" in the retail sector after it opened its first Guangzhou outlet at the end of 1992 in a joint venture with two Chinese partners. The paper said Giordano had become a

model for cooperation between Chinese and foreign partners.

Giordano says it plans to open 20 to 25 stores in China soon.

"The Giordano model already has had its positive effects as a way of cooperation to mutual benefits," Cai Hanhua, deputy director of the business division of Guangzhou Bureau of Commerce, told the newspaper. Giordano had also taught other businesses in the city about modern management systems, open floor shopping, computerized sales and good service, he said.

Other "lessons" of the Giordano model include store sales, uniformed assistants and well-laid out stores that created a comfortable shopping environment.

Private-Label Goods Worry Brands

By Daniel Tilles
Special to the Herald Tribune

NEW YORK — Things are not so tough these days for lowly Brand X. Major brands of all makes, shapes and sizes that have spent years and billions of dollars building long-term consumer loyalty by asserting their superior qualities are watching their franchises diminish in many parts of the world.

The enemy is not so much their branded competitors as private-label and store-name brands — products once derided as cheap, low-quality generics, but today typically packaged attractively and touting off performing as well as, if not better than, the brand-name goods. Moreover, they are almost always less expensive, which for everything from branded soap to nuts, is the crux of the problem.

A recent study by the advertising agency Bates USA titled, "These Prices Are Killing Us!" helps point out just how serious the problem of price-based retail competition has become for brand-name goods.

Citing data from Oppenheimer & Co. data, Bates said private-label brands' unit share of U.S. supermarket sales for consumer packaged goods had grown from 14.6 percent in 1987 to 18.2 percent in 1992. When drugstore chains, mass merchandisers and club stores are added, the private-label share jumps to 23 percent. The percentage is even higher in Canada, Britain and some other European countries.

Supermarket-label sales in the two largest British chains — Sainsbury and

Tesco — account for 35 percent of total sales in the country, said Mark Lund, Client Services Director at Still Price Limited in London. "In many categories, the Sainsbury name is the most trusted name of all," he said. "It's not like this in other countries."

Still, most indications are that the bond between brand-name products and consumers — a tacit promise by manufacturers of consistent, superior performance in exchange for a premium price — have been eroded in many product categories.

One reason is that retail chains such as Sainsbury in Britain and Loblaw in Canada have become better marketers of their own low-priced products, through their own stores as well as independent retailers.

"This is a very serious issue," says Frank Assumma, chief executive of Bates USA. "Once performance expectations of house brands are equal to those

of brand-name products, the decision by the consumer is made on price."

Frank Assumma, chief executive of Bates USA.

See BRANDS, Page 10

of brand-name products, the decision by the consumer is made on price."

Frank Assumma, chief executive of Bates USA.

See BRANDS, Page 10

CURRENCY & INTEREST RATES

Cross Rates									
	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10	Aug. 9	Aug. 8
Australian \$	1.30	1.29	1.28	1.27	1.26	1.25	1.24	1.23	1.22
British £	1.65	1.64	1.63	1.62	1.61	1.60	1.59	1.58	1.57
Canadian \$	1.33	1.32	1.31	1.30	1.29	1.28	1.27	1.26	1.25
French F	6.55	6.54	6.53	6.52	6.51	6.50	6.49	6.48	6.47
German M	1.36	1.35	1.34	1.33	1.32	1.31	1.30	1.29	1.28
Italian L	1,375	1,370	1,365	1,360	1,355	1,350	1,345	1,340	1,335
Japanese ¥	109	108	107	106	105	104	103	102	101
Swedish S	8.45	8.44	8.43	8.42	8.41	8.40	8.39	8.38	8.37
Swiss F	1.48	1.47	1.46	1.45	1.44	1.43	1.42	1.41	1.40
Thai B	50.5	50.4	50.3	50.2	50.1	50.0	49.9	49.8	49.7
US \$	0.75	0.74	0.73	0.72	0.71	0.70	0.69	0.68	0.67
Yen ¥	136	135	134	133	132	131	130	129	128
Other Dollar Values									
Australian \$	0.75	0.74	0.73	0.72	0.71	0.70	0.69	0.68	0.67
British £	0.61	0.60	0.59	0.58	0.57	0.56	0.55	0.54	0.53
Canadian \$	0.77	0.76	0.75	0.74	0.73	0.72	0.71	0.70	0.69
French F	4.93	4.92	4.91	4.90	4.89	4.88	4.87	4.86	4.85
German M	1.36	1.35	1.34	1.33	1.32	1.31	1.30	1.29	1.28
Italian L	1,375	1,370	1,365	1,360	1,355	1,350	1,345	1,340	1,335
Japanese ¥	109	108	107	106	105	104	103	102	101
Swedish S	8.45	8.44	8.43	8.42	8.41	8.40	8.39	8.38	8.37
Swiss F	1.48	1.47	1.46	1.45	1.44	1.43	1.42	1.41	1.40
Thai B	50.5	50.4	50.3	50.2	50.1	50.0	49.9	49.8	49.7
US \$	0.75	0.74	0.73	0.72	0.71	0.70	0.69	0.68	0.67
Yen ¥	136	135	134	133	132	131	130	129	128
Forward Rates									
Australian \$	1.30	1.29	1.28	1.27	1.26	1.25	1.24	1.23	1.22
British £	1.65	1.64	1.63	1.62	1.61	1.60	1.59	1.58	1.57
Canadian \$	1.33	1.32	1.31	1.30	1.29	1.28	1.27	1.26	1.25
French F	6.55	6.54	6.53	6.52	6.51	6.50	6.49	6.48	6.47
German M	1.36	1.35	1.34	1.33	1.32	1.31	1.30	1.29	1.28
Italian L	1,375	1,370	1,365	1,360	1,355	1,350	1,345	1,340	1,335
Japanese ¥	109	108	107	106	105	104	103	102	101
Swedish S	8.45	8.44	8.43	8.42	8.41	8.40	8.39	8.38	8.37
Swiss F	1.48	1.47	1.46	1.45	1.44	1.43	1.42	1.41	1.40
Thai B	50.5	50.4	50.3	50.2	50.1	50.0	49.9	49.8	49.7
US \$	0.75	0.74	0.73	0.72	0.71	0.70	0.69	0.68	0.67
Yen ¥	136	135	134	133	132	131	130	129	128

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MARKET DIARY

Blue Chips Revive After Early Slump

Bloomberg Business News

NEW YORK — U.S. stocks posted strong gains Tuesday after the Federal Reserve raised key lending rates by half a percentage point, reinforcing confidence that economic growth

will stay moderate and corporate earnings will continue to expand. Retailers and electronic stocks were favored, as major companies reported strong earnings.

U.S. Stocks

The Dow Jones industrial average closed 24.28 points higher at 3,784.57 after initially falling nearly 20 points. There were roughly four gainers for every share shares that fell, while volume surged to 304.5 million shares from 223.2 million Monday.

Stock prices will continue to gain "because people have worried about the interest-rate factor long enough," said Thom Brown, managing director at Rutherford, Brown & Catherwood. He said investors would now focus on the corporate earnings picture, which "looks pretty good."

"This half-point increase should go toward slowing the economy down," said Gil Knight, fund manager at ASB Capital Management Inc. in Washington. "The Fed's work is done for the time being, and the economy isn't falling apart, and that's good for stocks."

Among retailers, Dayton-Hudson climbed 1 1/4 to 85 1/4, Wal-Mart rose 1/4 to 24 1/4, and Home Depot jumped 2 1/4 to 44 1/4.

PepsiCo surged 1 1/4 to 32 1/4. The soft-drink maker said it would resume buying back its shares, less than a month after it said it had stopped. Coca-Cola climbed 1 1/4 to 45 1/4.

Compaq rose 1 1/4 to 36 1/4 after announcing price cuts of as much as 22 percent on its personal computers to gain market share in the fall sales season. Intel rose 1/4 to 61.

Dollar's Gains Limited As Dealers Take Profits

AFP/Exel News

NEW YORK — The dollar rose sharply across the board Tuesday after the Federal Reserve Board increased both the federal funds rate and the discount rate by half a percentage

point — and then the U.S. currency settled back to earlier levels in a flurry of profit-taking.

Foreign Exchange

One dealer said that the dollar's initial rise was a "knee-jerk" reaction.

"The market had already priced in a 50-basis-point increase, so I don't think we can get a big rally," Shunji Tsuda, a trader at Tokai Bank, said.

The dollar jumped as high as 1.5680 Deutsche mark immediately after the Fed's announcement before receding on profit-taking, dealers and analysts said. The dollar closed at 1.5615 DM, up from 1.5522 DM on Monday.

Traders said activity picked up immediately after the Fed's action.

"The Fed's action was a very aggressive move," said Earl Johnson, senior dealer at Harris Trust Savings Bank.

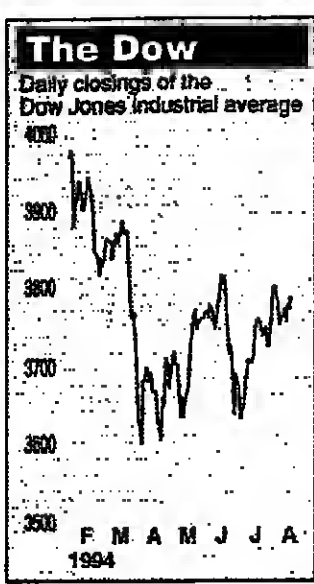
Although the market had priced in at least a 25 basis point, or one-quarter of a percentage point, rise in the federal funds rate, Mr. Johnson said the full 50 basis points combined with the discount rate action had not been discounted in the market.

The rally was short-lived, however, as players quickly took profits at the higher levels. "Profit-taking and a generally negative dollar sentiment crept back into the market," Win Thin of MCM Currency Watch said.

The U.S. currency was higher against other major currencies. Against the yen, it rose slightly to 100.49 from Monday's 100.13 close. The dollar also rose to 1.3114 Swiss francs from 1.3030 and to 5.3540 French francs from 5.3265.

The pound fell to \$1.5395 from \$1.5415.

Via Associated Press Aug 10



Daily closings of the Dow Jones Industrial average

F M A M J J A 1994

NYSE Most Active

Vol.	High	Low	Last	Chg.
Merck	42.25	42.10	42.15	+0.05
Wal-Mart	24.25	24.10	24.15	+0.05
Home Depot	44.25	44.10	44.15	+0.05
Compaq	36.25	36.10	36.15	+0.05
Intel	61.25	61.10	61.15	+0.05
PepsiCo	32.25	32.10	32.15	+0.05
Coca-Cola	45.25	45.10	45.15	+0.05
Dayton-Hudson	85.25	85.10	85.15	+0.05
Wal-Mart	24.25	24.10	24.15	+0.05
Home Depot	44.25	44.10	44.15	+0.05
Compaq	36.25	36.10	36.15	+0.05
Intel	61.25	61.10	61.15	+0.05
PepsiCo	32.25	32.10	32.15	+0.05
Coca-Cola	45.25	45.10	45.15	+0.05
Dayton-Hudson	85.25	85.10	85.15	+0.05

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Microsoft	112.25	112.10	112.15	+0.05
Oracle	55.25	55.10	55.15	+0.05
Novell	45.25	45.10	45.15	+0.05
Lotus	35.25	35.10	35.15	+0.05
Intuit	25.25	25.10	25.15	+0.05
Visa	15.25	15.10	15.15	+0.05
MasterCard	12.25	12.10	12.15	+0.05
Amgen	10.25	10.10	10.15	+0.05
Genentech	8.25	8.10	8.15	+0.05
Boehringer	7.25	7.10	7.15	+0.05

AMEX Most Active

Vol.	High	Low	Last	Chg.
Goldman Sachs	10.25	10.10	10.15	+0.05
JP Morgan	9.25	9.10	9.15	+0.05
Bank of America	8.25	8.10	8.15	+0.05
Wells Fargo	7.25	7.10	7.15	+0.05
Citigroup	6.25	6.10	6.15	+0.05
First Union	5.25	5.10	5.15	+0.05
Bank One	4.25	4.10	4.15	+0.05
Capital One	3.25	3.10	3.15	+0.05
Discover	2.25	2.10	2.15	+0.05
Marriott	1.25	1.10	1.15	+0.05

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
NYSE	304.5	304.4	304.3	304.4	+0.1
NASDAQ	277.1	277.0	276.9	277.0	+0.1

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus.	3784.57	3784.57	3784.57	+24.28
Transp.	1844.19	1844.19	1844.19	+1.81
Comp.	1306.94	1306.94	1306.94	+1.81

Standard & Poor's Indexes

High	Low	Close	Chg.
Industrials	507.95	507.95	+4.96
Transp.	270.30	270.30	+1.67
Finance	45.00	45.00	+0.42
SP 500	430.25	430.25	+2.44

NYSE Indexes

High	Low	Close	Chg.
Composite	254.77	254.77	+1.72
Industrials	214.94	214.94	+2.25
Transp.	244.50	244.50	+1.44
Finance	212.22	212.22	+0.27
SP 500	212.22	212.22	+1.27

NASDAQ Indexes

High	Low	Close	Chg.
Composite	734.44	734.44	+2.23
Industrials	774.28	774.28	+2.19
Transp.	611.19	611.19	+1.99
Finance	720.80	720.80	+1.21

AMEX Stock Index

High	Low	Close	Chg.
Composite	421.97	421.97	+0.24

Dow Jones Bond Averages

High	Low	Close	Chg.
20 Bonds	100.00	100.00	+0.00
10 Utilities	100.00	100.00	+0.00
10 Industrials	100.00	100.00	+0.00

NYSE Diary

Advanced	Declined	Unchanged
1348	194	194
1348	194	194
1348	194	194

AMEX Diary

Advanced	Declined	Unchanged
157	134	134
157	134	134
157	134	134

NASDAQ Diary

Advanced	Declined	Unchanged
157	134	134
157	134	134
157	134	134

Spot Commodities

Commodity	Today	Prev.
Aluminum	0.45	0.45
Steel	21.00	21.00
Iron Ore	1.00	1.00
Crude Oil	1.00	1.00
Gold	1.00	1.00

Industrials

High	Low	Close	Chg.
Indus.	1844.19	1844.19	+1.81
Transp.	1306.94	1306.94	+1.81
Comp.	1306.94	1306.94	+1.81

BRANDS: Private-Label Goods Cause Big Brands to Reconsider Strategy

Continued from Page 9

While the Bates research acknowledged that store-brand production might make sense for certain manufacturers, it nevertheless called the practice a "long-term strategic loser" as brand-name manufacturers are forced to either improve their national brands' quality or cut prices — both affecting profit margins — to remain competitive. Manufacturers must ask "if it makes sense for them," Mr. Assumma said.

One area where private-label

goods have not yet achieved a significant presence is the Asia-Pacific region. Retail store concentration there is weaker, so own-label distribution is not nearly as common as in North America and Europe, said Rod Wright, chairman of the Asia-Pacific region for the advertising agency Ogilvy & Mather.

He said Australia, Singapore and Hong Kong were exceptions, with all having moderate levels of store-brand penetration. But makers of brand-name

goods in Asia seem to be avoiding private-label production, said Vicente D. Herrera, vice president and brewing group marketing director for San Miguel Corp. in Manila. "From our vantage point, the presence of such brands is not felt in the Asian region," he said.

Brands that succeed at implementing these and other marketing steps still have a great deal of equity to fall back on and should continue to prosper, the report argues.

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Brands that succeed at implementing these and other marketing steps still have a great deal of equity to fall back on and should continue to prosper, the report argues.

U.S./AT THE CLOSE

Scott to Sell Office and Reduce Staff

PHILADELPHIA (Bloomberg) — Scott Paper Co. said Tuesday it would cut its staff by 72 percent and sell its headquarters complex as part of a restructuring aimed at saving \$400 million next year.

This month, Albert J. Dunlap, Scott's chairman since April, said he would cut 10,500 jobs this year, compared with his predecessor's plan to cut 8,300 jobs in three years. Scott will move its remaining headquarters staff to a still-undetermined location in the Philadelphia area.

Barrick and Royal Oak Challenge Lac

TORONTO (Knight-Ridder) — American Barrick Resources has joined Royal Oak Mines in its bid to have the Ontario Securities Commission dissolve Lac Minerals Ltd.'s shareholder rights plan, the company said Tuesday.

The commission has scheduled a hearing Thursday to consider the requests. Royal Oak and Barrick have made separate bids to take over Lac. Royal Oak's 2.4 billion Canadian dollar (\$2 billion) offer expires Friday.

A shareholder rights plan, or "poison pill," is an anti-takeover measure by which a company allows its shareholders to buy additional shares at a deep discount to the current market value, making the takeover bid more costly.

Hewlett-Packard Records Higher Net

PALO ALTO, California (Bloomberg) — Hewlett-Packard Co., the second-largest U.S. computer maker, said Tuesday that strong international sales helped lift its third-quarter profit 28 percent. Earnings rose to \$347 million from \$271 million a year earlier. Revenue rose 22 percent, to \$6.05 billion. In the nine months, net income rose 28 percent, to \$1.12 billion, while revenue rose 23 percent, to \$17.99 billion.

U.S. Retailers' Earnings Rise Sharply

NEW YORK (Bloomberg) — Four top U.S. retailers reported strong second-quarter earnings Tuesday. Wal-Mart Stores Inc. posted a 14 percent earnings increase and 23 percent rise for the quarter. Net income rose to \$564.8 million from \$495.9 million a year earlier. Total sales rose to \$19.9 billion from \$18.6 billion.

J.C. Penney Co. said second-quarter net income rose 17 percent, to \$132 million, while revenue rose 7 percent, to \$4.24 billion. Dayton Hudson Corp. said its second-quarter earnings more than doubled, to \$49 million from \$24 million a year earlier. Revenue increased 12 percent, to \$4.8 billion. In the first half, Dayton Hudson earned \$88 million, up from \$54 million a year earlier. Revenue for the half increased 11 percent to \$9.27 billion.

Home Depot Inc., the largest U.S. home-improvement retailer, said its second-quarter net income rose 32 percent, to \$178 million from \$134.4 million, while sales rose 34 percent, to \$2.39 billion. For the six-month period, net rose to \$317.7 million from \$241.3 million a year earlier, while total sales increased 33 percent to \$6.16 billion.

Kmart Plans to Sell 3 Subsidiaries

TROY, Michigan (AP) — Kmart Corp., trying another avenue for raising cash for its struggling discount stores, said Tuesday it would sell majority stakes in three specialty store divisions to the public.

Kmart will offer to the public at least a 51 percent stake in Borders-Walden Group, The Sports Authority and OfficeMax. The three subsidiaries reported improved second-quarter earnings Monday, while Kmart's flag-ship discount stores continued to report lagging profit.

OfficeMax will be the first stock to be offered, within the next few weeks, Kmart said. The board was still reviewing alternatives about the company's Builders Square home improvement division, the company said.

TCI Bids for Madison Square Garden

NEW YORK (Reuters) — Tele-Communications Inc. said Tuesday it bid for Viacom Inc.'s Madison Square Garden arena, Knicks and Rangers sports teams and a cable-TV operation. Sources said TCI and Viacom were competing with at least one other offer and that the bidders had submitted a joint bid for the Madison Square Garden arena.

Tele-Communications did not disclose the size of its bid, but it did say it submitted the offer without partners.

WORLD STOCK MARKETS

Agence France Press Aug. 10

Amsterdam

Close Prev.	High	Low	Last	Chg.
ABN Amro	60.30	59.90	60.00	+0.10
ACF Holding	35.50	35.20	35.30	+0.10
Alcoa	10.20	10.10	10.15	+0.05
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20

Brussels

Close Prev.	High	Low	Last	Chg.
AGF	24.50	24.30	24.40	+0.10
Amstel	10.00	9.90	9.95	+0.05
Arbed	20.00	19.80	19.90	+0.10
BEL	10.00	9.90	9.95	+0.05
CB&I	10.00	9.90	9.95	+0.05
Comptel	10.00	9.90	9.95	+0.05
De Beers	10.00	9.90	9.95	+0.05
De Beers	10.00	9.90	9.95	+0.05
De Beers	10.00	9.90	9.95	+0.05
De Beers	10.00	9.90	9.95	+0.05

Frankfurt

Close Prev.	High	Low	Last	Chg.
AEGL	17.50	17.40	17.45	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05
Alkermes	10.00	9.90	9.95	+0.05

London

Close Prev.	High	Low	Last	Chg.
ABN Amro	60.30	59.90	60.00	+0.10
ACF Holding	35.50	35.20	35.30	+0.10
Alcoa	10.20	10.10	10.15	+0.05
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20
Alkermes	40.00	39.80	40.00	+0.20

Madrid

Close Prev.	High	Low	Last	Chg.
BBV	24.50	24.30	24.40	+0.10
Amstel	10.00	9.90	9.95	+0.05
Arbed	20.00	19.80	19.90	+0.10
BEL	10.00	9.90	9.95	+0.05
CB&I	10.00	9.90	9.95	+0.05
Comptel	10.00	9.90	9.95	+0.05

Philips Venture Plans to Develop Pan-Europe Pay TV

Compiled by Our Staff From Dispatches
EINDHOVEN, Netherlands — Three companies said Tuesday they were planning a joint venture that would allow cable television companies to offer individualized programming, such as video on demand and pay per view, across Europe.

The partners in the venture are Philips Electronics NV, with a 45 percent stake, Royal PTT Nederland NV, with 35 percent, and Graff Pay-Per-View Inc., with 20 percent. Graff operates 11 pay-per-view channels in the United States and delivers programming to cable operators there.

Unilever Cuts Price of Omo In Soap War

ROTTERDAM — Unilever said Tuesday it had cut the price of its Omo Power washing powder by more than half in the Netherlands, as sales were hurt by a bitter soap war with rival Procter & Gamble Co.

The Anglo-Dutch food giant will refund Dutch customers 10 guilders (\$5.70) of Omo's 17-gulder purchase price until Thursday, a spokesman said. "When our competitor started spreading rumors about the product, of course this was damaging to consumer confidence," the spokesman said.

Unilever spent \$171 million developing Omo Power, called Persil Power in Britain, and set aside a massive advertising budget in a bid to win leadership from P&G in the European washing-powder market.

But allegations from its U.S. rival that the new product damaged clothes after repeated washings forced Unilever to adjust the formula and reopen its marketing.

The companies would not say how much they had invested.

The Dutch cable-TV operator Casema, which is 76 percent owned by Royal PTT, will be the first customer. "I think there is demand for more individual choices," said Jan Vanderlaan, a spokesman for Casema, which controls 22 percent of the national market. "This will help us serve our customers better."

Other European customers will follow, said Philips, which also is in the cable-TV market. This year, Philips Media and U.S.-based United International Holdings Inc. said they planned to jointly own, develop and operate cable-television businesses in Europe.

Philips said the latest venture would begin marketing pay-per-view, video-on-demand and specialized channels to cable operators next month. The cable-TV companies that will provide the programming will offer special video packages to cable subscribers late this year or in early 1995.

Video on demand allows television viewers to choose individual movies or other programs. Pay-per-view services allow individuals to buy "tickets" to view movies, sports contests, concerts and other events on television.

Analysts said the venture was not likely to contribute much to the partners' sales or profit in the next few years. "I'm not changing any forecasts for now," said Steven Vrolijk, an analyst with Credit Lyonnais Securities in Amsterdam.

The venture does help Philips' campaign to beef up its media business. "This will help Philips in establishing itself as a multimedia business," Mr. Vrolijk said.

On the Amsterdam Stock Exchange, Philips shares rose 3, to 58.20 guilders (\$33). Royal PTT rose 7, to 50.50.

Also on Tuesday, Philips said it was in talks to acquire Regma Co., a vacuum cleaner maker based in Atlanta. Regma employs about 1,000 and has annual sales of about \$200 million. (Bloomberg, AFX)

Forging a Trilingual Frigate Europe Moves to Integrate Arms Industry

By Richard W. Stevenson
New York Times Service

LONDON — Each needing a new destroyer for its navy, Italy, France and Britain set aside tradition for common sense last month and agreed to build the warships together. They awarded contracts that could run as high as \$12 billion to a consortium of shipbuilding, electronics and armaments companies from the three nations.

"It will allow all three countries to benefit from better economies of scale as well as from pooling the technologies of three highly industrialized countries," said Italian Defense Minister Cesare Previti.

The Eurofrigate program, as it is known, is being driven partly by the European Union's attempts at greater coordination in foreign and military policy. Lending encouragement is the experience with Airbus, the multinational commercial jetliner that has made Europe competitive in civil aviation.

European governments can no longer afford to develop three new fighter planes as the United States concentrates its efforts on one, the F-22. No longer does it make sense to build three different tanks, or to keep British or Spanish suppliers, for example, from competing for French contracts.

"If they're going to survive, they have to move rapidly," said Paul Cornish, a military industry analyst at the Royal Institute of International Affairs in London. "European industry has realized that if it does not get

itself together and pull its socks up, it will lose out to the U.S."

In the United States, military contractors have consolidated with breathtaking speed. Some companies, such as General Dynamics Corp., are selling themselves chunk by chunk, while others, such as Grumman Corp., have been sold entirely. And those that, like Lockheed Corp., have survived the shakeout have emerged bigger and stronger and more eager than ever to compete for business.

For reasons of security, history, pride and jobs, European governments have tended to support national military contracting industries even when it might have been cheaper to buy abroad. In many cases — particularly in France — the biggest contractors remain state-owned.

"It's hard to merge a government-owned company with a privately owned company," said Keith Hodgkinson, an analyst at Lehman Brothers in London.

In addition to the Eurofrigate program, two of the biggest collaborative programs are the \$50 billion European fighter aircraft project involving Germany, Britain, Italy and Spain and a proposed military transport plane that would be built in France, Germany, Spain and Britain.

France and Germany are to build an armored personnel carrier together, and those two nations plus the Netherlands and Italy are collaborating on developing a military helicopter.

Hanson Net Rose in 3d Quarter

Compiled by Our Staff From Dispatches

LONDON — The Anglo-American industrial conglomerate Hanson PLC said Tuesday that third-quarter pretax profit rose 10.2 percent, as an upturn in business followed last year's strike at Peabody Coal Co. in the United States.

Pretax profit in the three months ended June 30 was £282 million (\$436 million) on sales of £2.77 billion. Last year, when the results were hit by the U.S. coal strike, Hanson reported pretax profit of £256 million on sales of £2.31 billion.

The three-month figures included what Hanson called "very satisfying" figures from Quantum Chemical Co., the U.S. polythene and propane maker that Hanson bought last year. Quantum posted £46 million in profit and had sales of £344 million.

Hanson said net income rose 14.4 percent, to £214 million, compared with £187 million in the 1993 period.

The company was hit by an interest charge of £57 million in the third quarter, up from a charge of just £1 million in the 1993 period, and a loss of about £10 million in foreign exchange.

The increase in interest charges, flagged by the company at the time of its annual report, results from a differential between certain U.S. and British interest rates and the additional costs of acquisitions.

"The results reflect an improving trend and that the brighter picture evident at the halfway stage has now been confirmed," said Derek Bonham, chief executive.

Hanson said it would raise its quarterly dividend to 3.00 pence from 2.85 pence a share. A strike at Peabody Coal that ended in December cost the company £80 million in the nine-month period just ended, compared with £50 million a year earlier.

"There were no real surprises with the results, and they came in at the lower end of expectations," said Ian Hilliker, an analyst with NatWest Securities in London. He saw little reason to change generally upbeat forecasts. (Bloomberg, AP, Reuters)

Volatile Markets Cut Swiss Bank Net

Compiled by Our Staff From Dispatches

ZURICH — Swiss Bank Corp. said Tuesday its first-half net consolidated profit fell 39 percent because of a drop in trading income and weaker interest earnings.

The bank earned 438 million Swiss francs (\$336 million) in the half, down from 719 million francs in the first half of 1993, as turbulent financial markets shaved 63 percent from trading income, holding it to 537 million francs.

Swiss Bank said trading in bonds and interest-rate instruments suffered from adverse market conditions, while income from trading in foreign exchange and European equities exceeded expectations.

Continuing pressure on margins saw interest income drop 15 percent, to 1.37 billion francs, even though provisions to cover unpaid interest were lower.

"I'm really shocked," said Madeleine Hofmann, bank analyst at Credit Suisse in Zurich. "It's far below my worst expectations."

Nonetheless, Swiss Bank's stock rose to 397 francs Tuesday from 394.

The bank said income from commissions rose 11 percent, to 1.34 billion francs, reflecting continuing strong investment activity.

Improved economic conditions and borrower quality saw write-downs and value adjustments fall 53 percent, to 585 million francs, the bank said.

Operating expenditure was down less than 1 percent, personnel costs fell 6 percent, and nonpersonnel costs rose 9.7 percent to 783 million francs. Taxes fell 29 percent, to 154 million francs.

The country's third-biggest banking company said it was

"cautiously optimistic about prospects for the second half," though those would depend "mainly on financial market trends."

(Bloomberg, AFP, AFX)

Den Norske Profit Rises

Den norske Bank AS's first-half earnings jumped to 1.47 billion kroner (\$215 million) from 204 million kroner in the 1993 first half, helped by gains in foreign exchange and securities trading, news agencies reported from Oslo.

The bank said it had no net loan losses and nonperforming loans fell to 8.4 billion kroner as of June 30 from 10.4 billion kroner Dec. 31.

The bank said its income on trading in foreign exchange, bonds and financial instruments was particularly high last year because of a sharp drop in interest rates. (AFX, Reuters)

Slow Diamond Demand Cuts Into De Beers Profit

Compiled by Our Staff From Dispatches

JOHANNESBURG — De Beers Consolidated Mines Ltd., the world's largest seller of rough diamonds, said Tuesday that profit in the first half of 1994 fell 3 percent amid lower sales and higher stockpiles of unsold diamonds.

The diamond cartel said it earned \$341 million before taxes in the six months, down from \$353 million in the 1993 first half. Results reflect earnings of De Beers Consolidated, with its mining investments in South Africa, and De Beers Centenary AG, the Swiss unit that operates mines outside South Africa.

The results are stated based on earnings in South African rand and U.S. dollars. The company said sales fell to \$460 million from \$482 million a year earlier, while taxes rose nearly 15 percent, to \$101 million.

Higher stockpiles of diamonds meant that De Beers sold more low-profit gems, said Peter Davey, an analyst at Frankel Pollack Vindner. He said stockpiles rose to about \$3.8 billion from \$3.1 billion a year earlier.

De Beers said it expected second-half sales to fall from first-half levels, mirroring the pattern seen last year. (Bloomberg, AFX, Reuters)

One-Time Gain Lifts Electrolux Net

Compiled by Our Staff From Dispatches

STOCKHOLM — Electrolux AB, the maker of household appliances, said first-half profit soared because of one-time gains and better market conditions.

Profit after net financial items rose to 4.44 billion kroner (\$570 million) from 605 million kroner in the first half of 1993, and sales rose to 55.56 billion kroner from 49.65 billion kroner.

The profit included a one-time gain of 2.78 billion kroner from the sale of units, particularly from its car safety products company Autoliv, which was spun off in a bourse listing. (Reuters, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3500	2400
2200	3400	2300
2100	3300	2200
2000	3200	2100
1900	3100	2000
1800	3000	1900
1700	2900	1800
1600	2800	1700
1500	2700	1600
1400	2600	1500
1300	2500	1400
1200	2400	1300
1100	2300	1200
1000	2200	1100
900	2100	1000
800	2000	900
700	1900	800
600	1800	700
500	1700	600
400	1600	500
300	1500	400
200	1400	300
100	1300	200
0	1200	100

Sources: Reuters, AFP

Very briefly:

- Sedgwick Group PLC, one of the world's largest marine insurance brokers, reported pretax profit of £63.4 million (\$98 million) in the first half of 1994, up 14 percent from 1993 amid a sharp rise in worldwide fee and brokerage income.
- Standard & Poor's Corp. said it confirmed its B-plus rating of the long-term foreign currency debt of Turkey and has removed it from CreditWatch where it was placed on March 22. S&P said the rating outlook was stable.
- Deutsche Aerospace AG said that Alcatel Alsthom SA of France has joined it and Aerospaciale in talks about forming a company to build satellites, a move that could lead to the world's third-largest satellite maker.
- Lisbon's stock exchange said bids for as much as 80 percent of Portugal's state-owned Banco Pinto e Sotto Mayor SA must be submitted by Oct. 3.
- Sanofi SA's purchase of the prescription drug operations of Sanofi Winthrop, a joint venture between Sanofi and Eastman Kodak Co., was cleared by the European Commission.
- Sulzer AG said it reached an agreement to sell 70 percent of its information technology services unit Sulzer Informatic AG to the Swiss unit of International Business Machines Corp.
- Bowater PLC said it bought a private engineering company, W.H. Smith & Sons (Extrusions) Ltd., for as much as £39.8 million. The purchase price includes a payment of £34.8 million and a further £5 million dependent on future performance.
- Owners Abroad Group PLC said it planned to change its name to First Choice Holidays after a review of its brand and marketing strategy revealed low consumer awareness of its main brands.
- Spain's producer prices rose 0.4 percent in June from May and were up 4.3 percent from June 1993. (Reuters, Bloomberg, AFP, AFX)

U.S. \$500,000,000 National Westminster Bank

(Incorporated in England with limited liability)
Primary Capital FRNs (Series "B")
In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from August 16, 1994 to February 16, 1995 the Notes will carry an interest rate of 5.5625% per annum. The interest payable on the relevant interest payment date, February 16, 1995 against Coupon No. 20 will be U.S. \$2,843.08 and U.S. \$284.31 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.
By: The Chase Manhattan Bank, N.A.
London, Agent Bank
August 16, 1994

On September 5th, the IHT will publish a Special Report on

Aviation

- Developments of the GE90, a new aircraft engine.
- Future of mergers and acquisitions in the industry.
- Importance of the Chinese market in aircraft sales.
- Privatization of airports.
- Secrets of success for the European charter industry.

An extra 3,000 copies of the newspaper will be distributed at the Farnborough Air Show on the same day. For more information about this Special Report, please contact Bill Mahler in Paris at (33-1) 46 57 93 78, fax: (33-1) 46 57 50 44.

INTERNATIONAL
Herald Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

NYSE

Tuesday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE 100 High Low Latest Close

12 Month High Low Stock Div Yld PE 100 High Low Latest Close

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China Sees 268 Million Unemployed in 2000

Compiled by Our Staff From Dispatches
HONG KONG — China said Tuesday that despite a surging economy, the number of jobless could soar to 268 million by the turn of the century — a figure greater than the current population of the United States.

In the most pessimistic official employment projection yet published, the Labor Ministry said it expected 200 million to be out of work in rural regions and 68 million in the cities by the year 2000, when the population of China is expected to total 1.5 billion, the official Xinhua News Agency reported.

By the end of 1994, the official unemployment total in China will jump by 1 million, to a total of 5 million, as bloated state companies slash their work forces. But analysts have long said that Beijing grossly underestimated the size of the country's so-called floating population

— the migrant rural workers who gravitate to the city for part-time employment and are mostly unemployed.

The Labor Ministry's report indirectly acknowledged the underreporting. Officials now put the number of such migrants at 50 million to 60 million. Provincial leaders say the figure could be as high as 100 million.

More than 30 million workers have found jobs in China's fast-developing cities during the past decade.

China once guaranteed workers lifetime employment, but in its turn to a market economy, Beijing has encouraged state-owned companies to cut back.

Tens of millions of employees from unprofitable state enterprises are expected to join China's jobless lines in the coming decade. Despite annual economic growth of around 10 percent, most

will not find other employment, the official report admitted.

Meanwhile, Chinese central bank officials this week are holding meetings at a seaside resort that economists say could lead to higher interest rates.

Hong Kong's influential Chinese-language Ming Pan Daily News on Tuesday quoted an unidentified source as saying officials at the meeting had already resolved to raise rates this year to help curb inflation.

China last raised interest rates in May and July of 1993. The official rate for working capital loans is currently just short of 11 percent, the same as the rate for one-year time deposits.

With China's inflation rate still hovering around 20 percent and growth at 11.6 percent between the first half of 1993 and the first half of this year, economists say raising interest rates would make sense

economically, though it also would carry substantial political risks.

"We think China needs to raise interest rates by 500 basis points, because real interest rates are now about negative 6 percent," said Ho Cheuk-yuet, head of China research at Credit Lyonnais Securities.

Raising interest rates by that much, however, would kill China's state enterprises, Mr. Ho said. State firms owed each other 360.4 billion yuan (\$41 billion) at the end of June, making a 78 percent increase in debt to 12 months.

The state-run China Daily also reported that in an effort to stem urban encroachment on farmland, Beijing would crack down on "rampant approval" of real-estate developments. Curbing property speculation has been a goal of China's efforts to reduce inflation.

(Knight-Ridder, Reuters, Bloomberg)

Chief Offers To Leave Goodman

Bloomberg Business News

SYDNEY — The embattled Australian food group Goodman Fielder Ltd. said Tuesday that Chairman John Studdy was prepared to quit to avert a revolt by major shareholders.

But several major institutional holders, such as the Australian Mutual Provident Society, said that may not be enough.

Leigh Hall, deputy managing director of AMP Investments, said shareholders wanted additional changes.

The announcement followed a meeting between the board and the company's three largest Australian shareholders: AMP, Bankers Trust and the State Superannuation Authority of New South Wales.

The board also said it was prepared to consider the former Unilever chairman, Jon Peterson, and the former Mars Asia chairman, Ken Neilsen, as new members.

The turmoil surrounding Goodman's management and board flared last year and led to the departure of the chief executive, Michael Nugent.

The company has been struggling as it seeks to refocus on core food activities after a diversification spree in the 1980s.

The failure of Goodman's board and the institutions to reach agreement over board changes have made a special shareholder meeting appear increasingly likely, to consider re-vamping the board.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
11000	2400	22000
10000	2200	20000
9000	2000	18000
8000	1800	16000
7000	1600	14000
6000	1400	12000
5000	1200	10000
4000	1000	8000
3000	800	6000
2000	600	4000
1000	400	2000
0	200	0
1994	1994	1994
Exchange	Index	Tuesday Close
Hong Kong	Hang Seng	9,366.82
Singapore	Straits Times	2,308.57
Sydney	All Ordinaries	2,040.00
Tokyo	Nikkei 225	20,786.35
Kuala Lumpur	Composite	1,108.18
Bangkok	SET	1,461.71
Seoul	Composite Stock	939.90
Taipei	Weighted Price	6,563.90
Manila	PSE	3,011.60
Jakarta	Stock Index	483.60
New Zealand	NZSE-40	2,082.57
Bombay	National Index	2,128.66
		Prev. Close
		% Change
		-1.26
		-0.76
		+0.78
		+1.41
		+0.57
		-0.50
		+0.82
		+0.19
		+1.17
		-0.70
		+0.35

Sources: Reuters, AFP International Herald Tribune

Workers Set To Return At Hyundai

Agence France-Press

SEOUL — The labor union at South Korea's largest shipyard, Hyundai Heavy Industries Co., agreed Tuesday to resume work Thursday after the company unilaterally ended a costly lockout.

But the union leader, Lee Kap Ryong, warned that disputes could break out again at the shipyard in Ulsan if the company refused to accept union demands.

The agreement to return to work came shortly after the shipyard's president, Kim Chung Kuk, ended a 28-day lockout and urged unconditional resumption of negotiations.

"Both the company and workers have been seriously hit by the drawn-out labor dispute, while our suppliers and the local economy are on the verge of bankruptcy," Mr. Kim said.

The workers are seeking higher pay, reinstatement of dismissed union leaders and improved working conditions.

After the company locked them out in July, workers staged sit-ins, camped on the grounds or occupied cranes and other facilities.

Company officials said the strike had already caused in losses totaling \$660 million, including \$270 million in missed exports. The shipyard also said it had missed out on two potential projects valued at \$750 million, and one manager said the company had lost much of its international competitiveness.

A Model Portfolio Cuts Japan's Share

Bloomberg Business News

TOKYO — Predicting a rally in U.S. and European stocks, Morgan Stanley Group Inc. said Tuesday that one of its leading strategists, Barton Biggs, had changed his model portfolio of global equities, cutting the proportion of Japanese stocks to 20 percent from 30 percent.

Of the 10 percentage points in the portfolio moved away from Japanese stocks, four were added to U.S. stocks, three to European stocks and three to "emerging markets," said Alexander Kimmont, the securities firm's strategist in Tokyo.

Biggs, chairman of Morgan Stanley Asset Management, has a reputation for moving markets. His comment in September 1993 that he was "maximum

bullish" on China helped propel Hong Kong's benchmark Hang Seng index to what was then a peak of 9,733.34 points on Nov. 15. He changed his view later that week, and the index subsequently fell below 9,000.

News of Mr. Biggs' change of heart on Tokyo stocks was one reason the Japanese government encouraged pension and postal savings funds into the Tokyo stock market Tuesday, traders and analysts said.

The Nikkei 225 stock index rose 0.78 percent Tuesday, to end at 20,786.35.

Asked whether Tuesday's announcement would lead Morgan Stanley to sell Japanese stocks, John Alkire, president of Morgan Stanley Investment Advisory in Japan said, "Not at all."

Mr. Kimmont added, "The idea that because we're lowering Japan's weighting we're selling huge amounts of Japanese stock is completely wrong."

Mr. Kimmont described Japan's rating at Morgan Stanley as "neutral," in line with its contribution to world gross domestic product.

Some analysts said it would not matter what Morgan Stanley thought, because foreign investors were already pulling out of Japanese stocks and Japanese investors were waiting to buy them.

Fernando Gueles, a trader at Baring Securities said that over the next few weeks, "you'll probably see foreigners as net sellers, and then Japanese public funds and Japanese corporate investors will come in and buy."

Cathay to Revamp Airport in China

Compiled by Our Staff From Dispatches

HONG KONG — Cathay Pacific Airways Ltd. said Tuesday that it had signed an agreement to form a joint venture valued at 1.1 billion Hong Kong dollars (\$142 million) to help manage and develop Xiamen airport in China.

The airport, which is the fourth-largest in China, is being upgraded with the construction of a passenger terminal and the extension of the runway to handle Boeing 747s and other large aircraft.

Cathay said it would put up one-third of the 1.1 billion dollars.

The joint venture will develop airport infrastructure, ground-service equipment and aspects of passenger handling, Cathay said.

In addition to providing equity, Cathay Pacific will contribute management skills and offer training to local airport staff.

"This is the first investment by a nonmainland airline in China's aviation infrastructure," said David Turnbull, a deputy managing director of Cathay.

The agreement is subject to approval from the Chinese authorities.

Cathay and Hong Kong Aircraft Engineering

Co., a unit in which Cathay holds a 25 percent stake, are already developing a joint aircraft maintenance facility at Xiamen. Operations are expected to start in late 1995.

The airport handled 2.6 million passengers in 1993, and the number is expected to exceed 3 million in the current year.

(Reuters, AFP, Bloomberg)

Thai Airways' Profit Nearly Triples

Thai Airways International said its pretax profit nearly tripled from a year earlier, to 3.07 billion baht (\$123 million), in the nine months ended June 30, Agence France-Press reported from Bangkok.

The company attributed the large increase to a rise in passenger traffic at the beginning of the year that raised its average cabin load factor to 69 percent from 64 percent.

The flag carrier had revenue of 47.15 billion baht in the nine-month period, up 6.5 percent from a year earlier.

In the quarter that ended June 30, the airline's revenue was 14.14 billion baht, up 6.5 percent from the year-earlier quarter, and its net profit was calculated as 27 million baht, up 3.1 percent.

CHINA: Entrepreneur Builds a Dynasty Amid Booming Stock Markets

Continued from Page 1

created a demand for French speakers, Mr. Guan returned to school.

"One way the Cultural Revolution shaped my view is that no matter how society changes, everybody should remain independent thinkers," he said. At the same time, he added, the Cultural Revolution "helped make up my mind to stay far away from politics."

When he finished graduate school in the late 1970s, there was little demand for a French literature professor. Mr. Guan joined the Shanghai International Trust and Investment Co., a holding company set up by the Shanghai municipal government to invest in joint ventures with foreign companies.

He studied finance and law in Belgium under a fellowship from the European Union and in 1986 returned to a Shanghai worried about being left behind as "special economic zones" in the southernmost provinces attracted billions of foreign dollars.

Mr. Guan deftly marshaled political support from the head of the local branch of the People's Bank of China and the influential former mayor of Shanghai, and won a license from the head office of the People's Bank to open a securities firm, even though there was no stock market.

With the head of the Shanghai branch of the People's Bank sitting beside him for symbolic support, Mr. Guan made a pitch to nine state companies

and state pension funds, which then gave him more than \$1 million to start his company.

His first business coup involved government bonds. At the time, the Finance Ministry paid such low interest rates that the government forced people to buy bonds as part of their salaries when it wanted to raise money. People who needed immediate cash, especially in China's poorer interior provinces, were willing to sell the bonds at discounts ranging from 40 percent to 50 percent.

Mr. Guan and his 12 employees traveled to various provinces and bought bonds, which they carried back to Shanghai in large sacks. Using a blackboard and chalk, they explained to clients with extra cash how they could get returns of 20 percent or more by buying discounted bonds.

At the same time, China was preparing to allow individuals to own stock in companies, with shares divided into two categories: A shares open only to purchase by Chinese citizens and B shares open only to purchase by foreigners.

In December 1990, the Shanghai Securities Exchange opened its first trading floor in what had once been the ballroom of the Astor House Hotel on the bank of the Suzhou River. Now, the exchange has seven trading floors with 3,100 seats. In addition to Chinese firms, four from the United States — Goldman Sachs & Co., Merrill Lynch & Co., Bear Stearns & Co., and Morgan Stanley & Co.

— now have seats on the exchange.

Mr. Guan's firm has dominated its nearest domestic rivals, Haitong Securities, backed by the Bank of Communications of China and Shenyin Securities Co., backed by the Industrial and Commercial Bank of China.

In 1993, Shanghai International was the lead underwriter of nearly 70 percent of new A shares listings. It bought two small Hong Kong securities dealers and launched a mutual fund in an effort to draw still more investors to the Shanghai market.

Yet, playing the Shanghai stock market is not for the faint of heart.

When the market opened in late 1991, Chinese stood in line for days to register for the right to buy shares. In the first half of 1992, the Shanghai index soared more than 450 percent. In the second half, it plunged 72 percent, including a one-day drop of 13 percent that threw many investors into panic.

The firm insulates itself from disaster by requiring its clients to pay for stock in full. No buying on margin is allowed.

But this year has not been much better for market stability. Stock prices fell 70 percent from January through the end of July. This month, cheered by a government suspension of new issues of stock and its pledge to open up the market to more foreign investment, the

Shanghai exchange did an abrupt about-face and soared 30 percent in a single day. It was a stunning display of how a government ruling can throw the entire market into reverse.

"The stock market is a casino at this point," said Norman Gilman, an American lawyer based in Shanghai. "People are not investing in sound fundamentals, especially when hard facts are hard to come by. People punt in and out, creating an unhealthy volatility. But I suppose any developing securities market goes through its Dodge City days."

Despite its success, Shanghai International faces what Mr. Guan calls "a grim situation" — competition. In early 1992, there were only 20 securities firms; now there are 500. Foreign firms barred from trading in A shares want to deal directly with domestic Chinese clients, raising the daunting possibility that Shanghai International could one day go head-to-head with Merrill Lynch.

Meanwhile, the firm cannot train people fast enough for its expanding business. The average age of its employees is 25 years, so they do not compose a team that can bring a wealth of experience and perspective to clients.

Then there is the \$120 million headquarters Shanghai International is building on a muddy lot across the Huangpu River from the elegant but dilapidated Bund that was once Shanghai's financial center.

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AFRICA		ASIA		EUROPE		MIDDLE EAST	
Kenya +	000-12	American Samoa	432-1000	Belarus +	1-800-877-8000	Portugal +	001017-1-877
South Africa +	000-99-0001	Australia	432-1000	Belize +	1-800-877-8000	Romania +1	01-800-0877
AMERICAS		Austria	000-12	Bolivia +	1-800-751-8777	Russia +1	6-093-155-6123
Argentina	001-800-777-1111	Canada	1-800-881-8777	Bosnia +	1-800-751-8777	Russia (Moscow) +	155-6123
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Bahamas (Pay phone)	001-800-777-1111	Hong Kong +	020-1877	Dominican Republic +	1-800-751-8777	Switzerland +	000-99-0011
Bahamas (Pay phone)	001-800-777-1111	Hong Kong +	020-1877	Egypt +	1-800-751-8777	Switzerland +	153-8777
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SPORTS

Track Showdown at Zurich Meet



Nouredine Morceli of Algeria.

By Marc Bloom
New York Times Service

NEW YORK — How great is Nouredine Morceli, the Algerian world record-holder in the mile? Can Bob Kennedy, the improving American distance man, meet the challenge of a race that has the depth of an Olympic final?

Both questions will be answered in Zurich on Wednesday evening at the Weltklasse Meet, the premier track and field event of the year. Morceli and Kennedy are headliners in a 5,000-meter field that is so extraordinary it could overshadow the 100-meter showdown.

The American Leroy Burrell and the Olympic gold medalist, Linford Christie of Britain, will be there for the 100-meter event. But Carl Lewis, two-time Olympic gold medalist and three-time world champion, withdrew late Monday after doctors advised that a mineral deficiency caused by infection could cause muscle damage.

Morceli, 24, is aiming for the world record of 12 minutes 56.96 seconds set in June by Haile Gebrselassie of Ethiopia. Kennedy, 23, hopes to better the American record of 13:01.15 set in 1985 by the South African-born Sydney Maree.

"Sub-13:00 is my goal," Kennedy said by telephone from his European training base in Toddington, England. "I think I'm ready to pop one. There's no holding back now."

This summer, Kennedy entered a select circle of distance stars with personal-best runs of 13:05.93 in Lille, France, and 13:02.93 in Oslo. Both times, he placed a close second to Khalid Skah of Morocco, the 1992 Olympic champion in the 10,000 meters, who is also in the Zurich field.

Morceli has been the world's top miler for four years. He holds the world record in both the mile (3:44.39) and 1,500 meters (3:28.86), and on Aug. 2 in Monte Carlo,

he shattered the world 3,000-meter mark by 3.85 seconds with an astounding 7:25.11 performance.

In Monte Carlo, Morceli sprinted the final 400-meter lap in 57.0 seconds, the last 200 in 26.8. He defeated Gebresilasie by more than 12 seconds.

If Morceli achieves his goal, he will become only the third man in history to hold world records in the mile and 5,000. The others are Paavo Nurmi of Finland and Gunder Haag of Sweden.

The two events demand different skills and competitive instincts. The mile requires great bursts of speed and the finishing kick of a sprinter. The 5,000 requires sustained speed, covering 12.5 laps, plus the strength of a marathoner.

Morceli appears to have it all. "Realistically," said Kennedy, "he could run 12:50."

Zurich is the place to do it. It has a new, fast Mondo track, the same surface that was used at the 1992 Barcelona Olympics. Letzgraben Stadium will be filled to capacity with 8,000 seated spectators and 13,000 on their feet, embracing the athletes with nonstop cheering.

Joining Morceli, Kennedy and Skah in the 5,000 are two Kenyans, William Sigei, who set the world 10,000 record (26:52.23) last month, and Ismael Kirui, who won the 1993 world 5,000 title at the age of 18.

In England, Kennedy, a four-time National Collegiate Athletic Association champion at Indiana University, has been training with Sigei and other Kenyans. Kennedy is prepared for a torrid pace. "I'll go with it and see what happens," he said.

A world-record attempt will also be made in the women's 800 meters by undefeated Maria Mutola of Mozambique, who is based in Eugene, Oregon. Mutola, 21, has a best of 1:55.43. The world record is 1:53.28, set in 1983 by Jarmila Kratochvílová of Czechoslovakia.

SIDELINES

Jordan Injury Found to Be Minor

BIRMINGHAM, Alabama — The injury to Michael Jordan's left shoulder is a strained rotator cuff and is not considered serious, a doctor said after examining him.

Jordan, the former basketball superstar turned minor league baseball player, underwent a magnetic resonance imaging examination on Monday.

"Michael's left shoulder injury resulted in a mild strain of the rotator cuff and a mild sprain of the shoulder capsule," said Dr. James Andrews, an orthopedic specialist who has treated other top athletes including Charles Barkley and Bo Jackson.

Jordan, an outfielder for the Class AA Birmingham Barons, is to be re-evaluated next Monday.

Ex-Kings Aide Arraigned in Fraud

LOS ANGELES (AP) — A former top aide to Bruce McNall, the Los Angeles Kings' president, was arraigned on federal charges and is expected to be among several people named in an alleged \$138 million bank loan scheme.

The Los Angeles Times reported in its Tuesday editions that McNall was actively negotiating a plea agreement in the matter and is likely to reach a deal with federal prosecutors this week.

Joanna Orzech, a former vice president and controller of McNall's chief holding company, McNall Sports and Entertainment Inc., appeared in U.S. magistrate court in Los Angeles to hear charges of conspiracy, wire fraud and aiding and abetting. Her lawyer indicated that she would plead guilty to the charges against her.

For the Record

Ken Griffey Sr. will join the coaching staff of the minor-league Bellingham Mariners for the remainder of the team's Northwest League season, the Seattle Mariners said.

The Big Ten will hold its first postseason tournament for women's basketball next March in Indianapolis. The Indianapolis Star reported.

The Argentine World Cup striker Claudio Caniggia signed for the Portuguese team Benfica on Tuesday for one season. (Reuters)

UEFA banned the Turkish champion, Galatasaray, from playing its return-leg European Champions' Cup game at home because of fan violence at the first-leg game in Luxembourg last week. (AP)

Richer or Retired?
More on Mansell

The Associated Press

LONDON — Depending on whom you believe, Nigel Mansell is either about to sign one of the richest contracts in sports history or be put out to pasture.

Several British newspapers reported Tuesday that Mansell, the former Formula One and Indy-car champion, has agreed to a three-year, \$30 million (\$46 million) deal to drive for the Williams-Renault team starting in 1995.

But other papers reported that the team chairman, Frank Williams, has soured on the idea of having Mansell return, and that Mansell's current Indy-car team, Newman-Haas, is already planning to replace him in its driver lineup for next year.

That would leave retirement as a likely scenario for the 41-year-old driver, the reports said. The people most likely in the know weren't shedding any light on the latest rumors.

"It's complete and pure speculation," a Williams spokeswoman, Barbara Prydziatek, said. "We don't where the stories have popped up from."

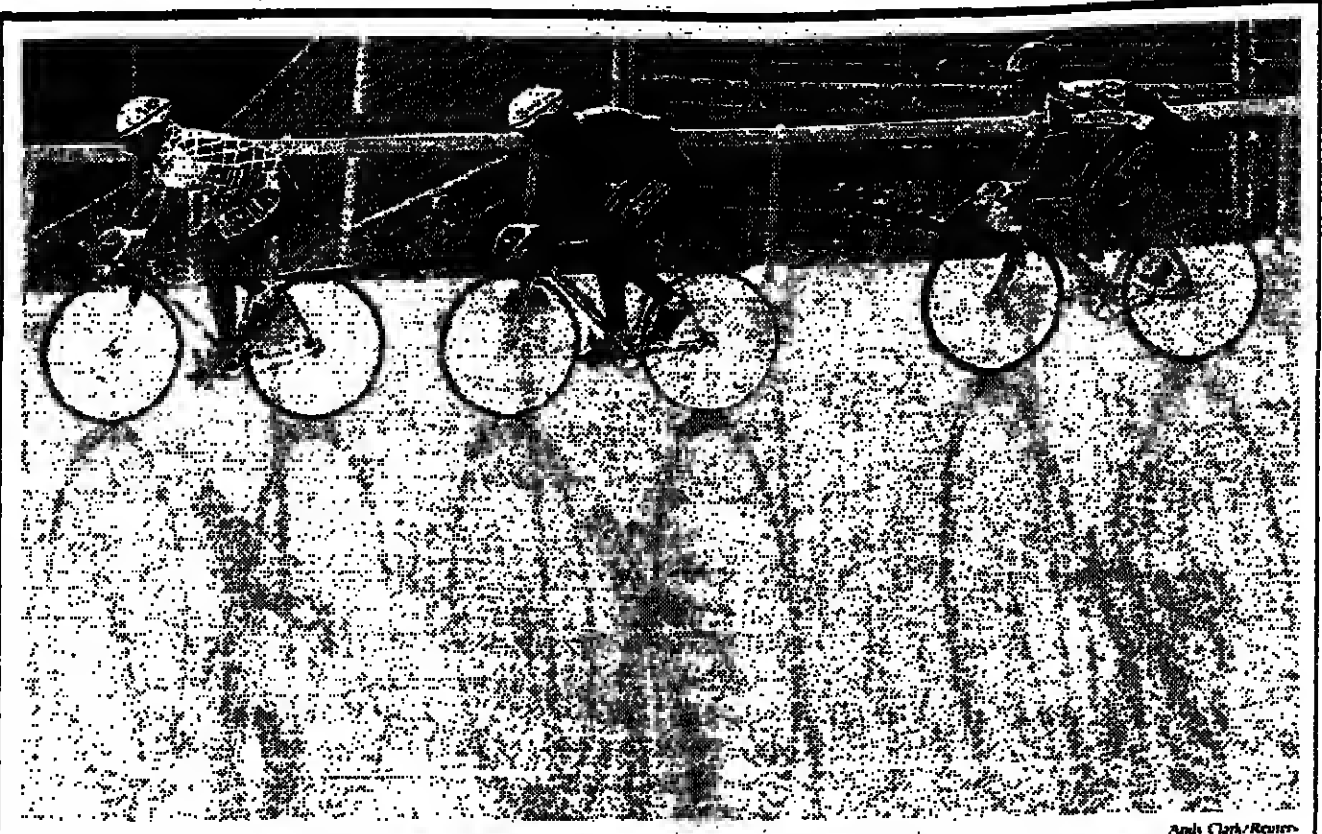
Prydziatek denied that any contract had been signed for Mansell to return next year, although she reaffirmed previous comments made by Williams that "there is a possibility" that Mansell would drive his final three Formula One races of the current season.

"Mansell returns," was the headline in the Daily Mail, which, like some other papers, worked its story around a quote from a Newman-Haas team member, Bert Thomas.

"We believe a deal has been done between Carl Haas and Formula One and it will be left to him to make the announcement shortly," Thomas was quoted as saying. "We're close to finalizing a deal with Carl for next year, which would allow us to announce the driver lineup for 1995."

Such speculation surrounding Mansell has become a familiar fixture of the current Formula One season since the death of Williams driver Ayrton Senna at the San Marino Grand Prix on May 1.

After two months of rumors and amid much hype, Mansell eventually signed a one-year deal, worth a reported \$1 million, to drive for Williams at the French Grand Prix on July 3, a race that did not conflict with his Indy-car schedule. Mansell performed well in qualifying, but failed to finish the race.



Members of the Scottish cycling team casting long shadows during a practice for the Commonwealth Games.

Hard Times for Commonwealth

Reuters

VICTORIA, British Columbia — South Africa's return to the Commonwealth Games has failed to generate sell-out crowds in this genteel Canadian city.

A large team from the republic has boosted the entry to a record 64 nations, but with around half the 360,000 tickets for the Games, which begin Thursday, still unsold, some competitors face the prospect of performing before sparse crowds.

Although organizers had to scale down plans for extravagant opening and closing ceremonies in Victoria's harbor, they hope the event, estimated to cost 160 million Canadian dollars (\$115 million), will help revive a sense of purpose among former members of the British Empire.

Amy Hart, spokeswoman for the Games, said: "The Commonwealth Games is a celebration of our common traditions. The focus is not just to see who can win the most medals. It's about coming together."

Namibia, which gained its independence in 1990, makes its Games debut, and Hong Kong, which is to revert to Chinese control in 1997, makes its last appearance.

The survival of the Games is an achievement for the Commonwealth. The Games were said to be on the verge of extinction after African countries boycotted them in Edinburgh in 1986 to protest Britain's policy of tolerance of South Africa's apartheid regime.

The Games have languished in the shadow of sports events like the Olympics. Slack ticket sales are but one sign that many citizens increasingly view the Commonwealth as irrelevant.

Athletes will compete in 10 official sports. Australian swimmers like Kieran Perkins and Rebecca Brown, British Olympic and world champion sprinter Linford Christie, and Kenya's accomplished distance runners will be the biggest draws.

But the specter of drugs loomed after Udemu Ekpeyong of Nigeria was sent home when stimulants were found in his

suitcase. The incident fanned fears of a repeat of the problems at the 1990 Auckland Games, when three weightlifters were stripped of medals after testing positive.

Australia, which headed the medals table last time, and England are expected to dominate again; Canada hopes that home advantage will boost its big team.

Canada will have the biggest contingent at the Games with 277 athletes, while the Maldives, Malta and Montserrat are sending only two competitors each.

Nations participating range in size from India, population 860 million, to Norfolk Island in the South Pacific, which is sending 15 of its 1,800 inhabitants.

The federal and provincial governments are contributing more than 107 million Canadian dollars to help stage the event. Despite poor ticket sales, the organizers say, the Games will not lose money like its predecessors in Edinburgh and Auckland because nearly all the money has already been raised.

SCOREBOARD

TENNIS

The leading money winners on the ATP Tour through Aug. 14:

Pete Sampras	\$2,667,812
Andre Agassi	\$1,257,499
Stefan Edberg	\$1,050,936
Goran Ivanisevic	\$999,873
Michael Stich	\$894,741
Michael Chang	\$808,195
Andre Kleybanov	\$773,184
Boris Becker	\$675,573
Yevgeny Kafelnikov	\$672,437
Tommy Ho	\$647,437

FOOTBALL

NFL Preseason

Monday's Games

Houston @ Dallas	0
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BASEBALL

Japanese Leagues

Central League

W	L	T	Pct.	GB
Yomiuri	27	41	0.392	—
Chunichi	31	37	0.450	4
Hiroshima	47	21	0.690	9
Hiroshima	47	21	0.690	9
Yokohama	44	22	0.667	12
Yokohama	44	22	0.667	12

GOLF

Money leaders on the PGA Tour through the PGA Championship, which ended Aug. 14:

Greg Norman	\$1,715,544
Nick Price	\$1,152,977
Corey Pavin	\$795,385
Tom Lehman	\$789,414
Loren Roberts	\$772,870
Hale Irwin	\$701,956
Jeff Maggert	\$616,543
Jose Maria Olazabal	\$597,690
Fuzzy Zoeller	\$587,883
Ben Crenshaw	\$548,881

TRANSITIONS

BASEBALL

American League

SEATTLE	Clayton Kershaw, pitcher, and Eric Lofgren, pitcher, to Iowa, AA.
CHICAGO	Clayton Kershaw, pitcher, to Iowa, AA.
ATLANTA	Clayton Kershaw, pitcher, to Iowa, AA.
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FOOTBALL

National Football League

ARIZONA	Clayton Kershaw, pitcher, to Iowa, AA.
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TENNIS

Monday's Games

Houston @ Dallas	0
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Ben Crenshaw	\$548,881

DENNIS THE MENACE



JUMBLE

THAT SCRAMBLED WORD GAME

Unscramble the words that are listed below and write the letters in the correct order.

KUSHY

LYDIO

CATBUD

PHALER

Answer here: _____

Today's 1-800-877-8777

Answer: He dreamed of making his own space but he was too young — A REALITY CHECK

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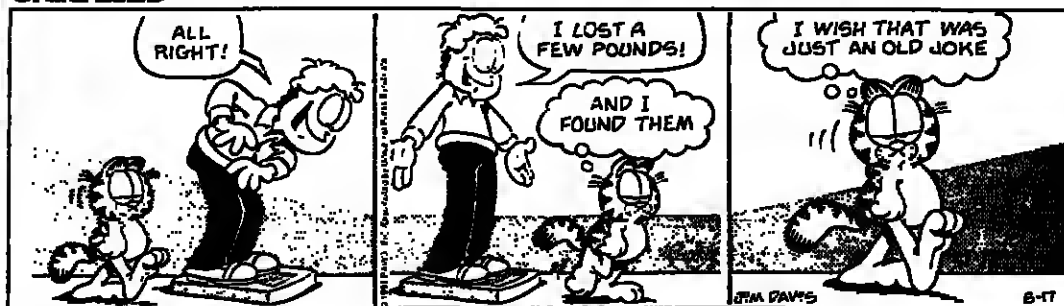
Just call toll-free

0 800 1 7538

PEANUTS



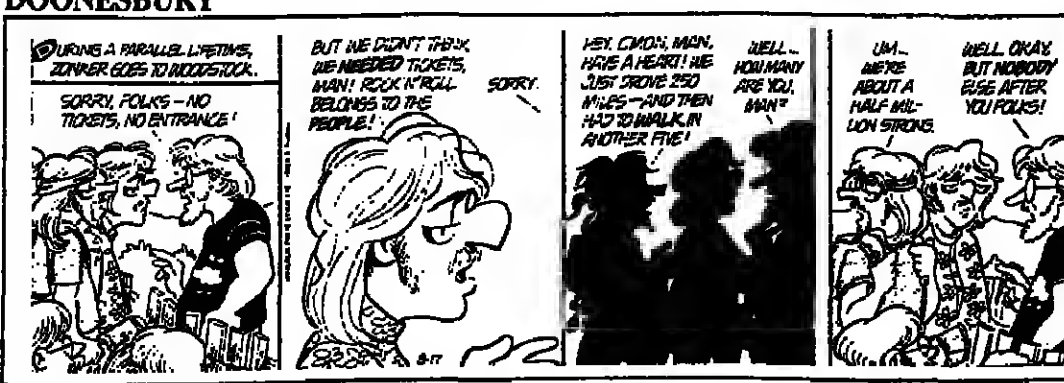
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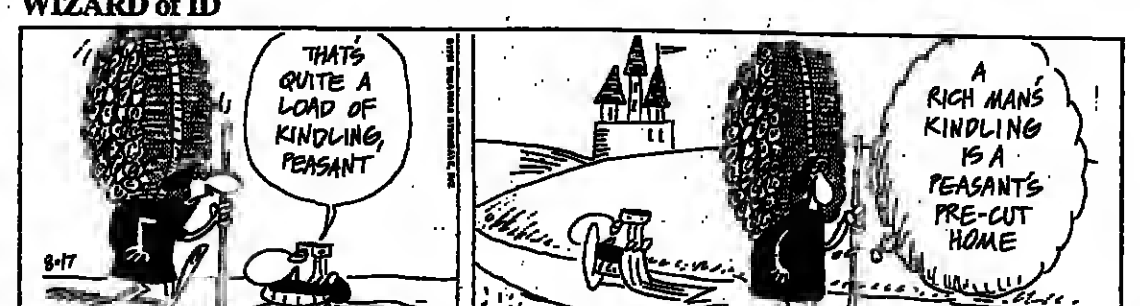
DOONESBURY



CALVIN AND HOBBES



WIZARD OF ID



THE FAR SIDE



BLONDIE



SPORTS

Will New Rivalries Spring From Latest NFL Generation?

By Thomas George

New York Times Service

NEW YORK — The Chicago Bears were 12-3, were a Super Bowl favorite and they were playing at home in the National Football Conference championship game against the San Francisco 49ers. This was the 1988 National Football League season. It was snowy and frigid at Soldier Field.

Bears Weather. That afternoon, the 49ers produced one of the most impressive road playoff victories in league history, executing a 28-3 victory en route to the last of three Super Bowl titles won by Coach Bill Walsh of the 49ers.

And the icy cold outside barely matched the stone-cold, postgame glare of Mike Ditka, the Bears' coach.

"The old silver-haired guy, he got his," Ditka said of Walsh. "But we'll have our day again. He shouldn't be too comfortable."

Walsh got wind of this and responded: "Who won? Case closed."

Ditka and Walsh and their teams met frequently in the 1980s and the league was always better for it. Besides fielding competitive and interesting teams, their sideline and off-the-field battles of wit were always entertaining. Same for Gibbs vs. Parcells. Or Johnson vs. Ryan. Or Wyche vs. Glanville.

In this era of immense change in the NFL, with quarterbacks moving in a quick shuffle and so many other players following suit, the NFL coaching fraternity, too, has undergone drastic change.

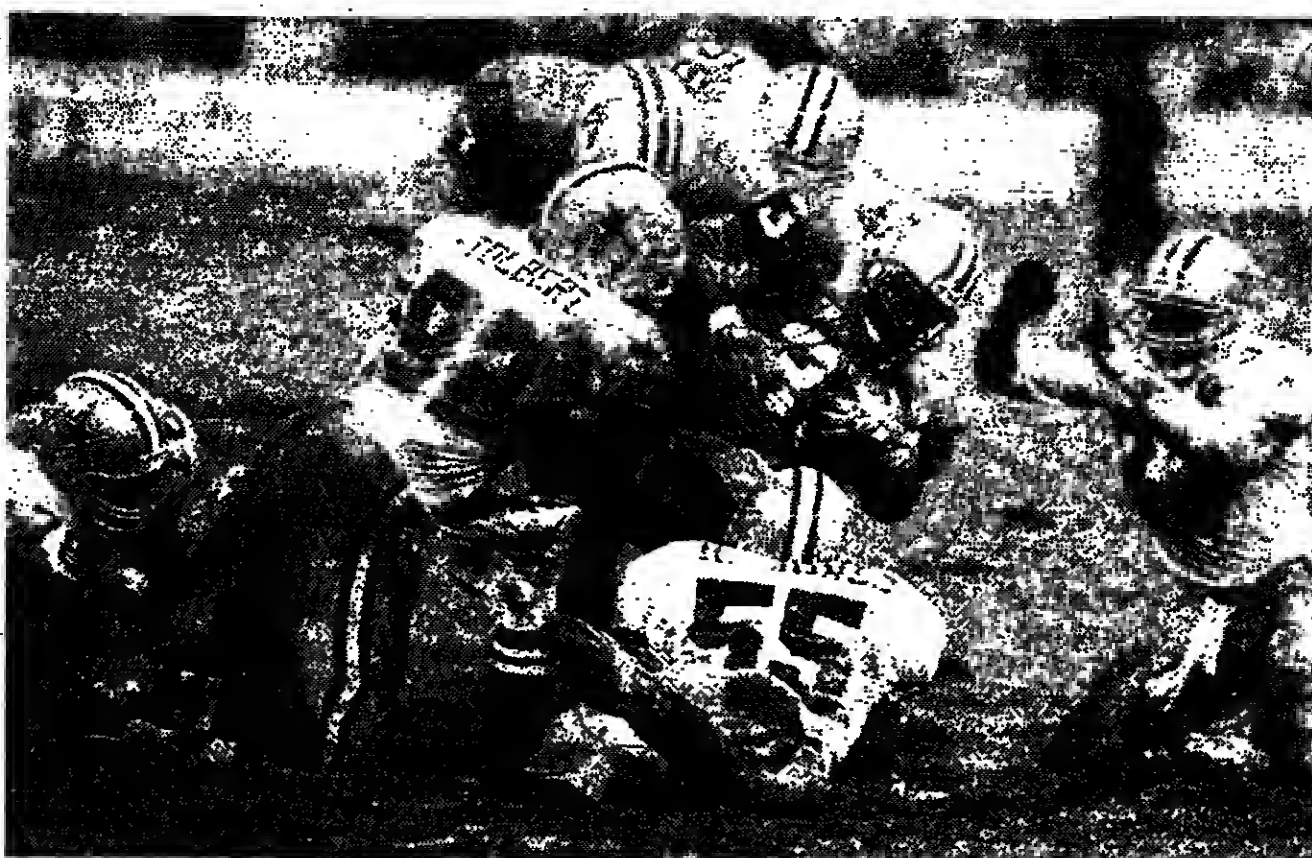
The first game of this season? The Hall of Fame game. Atlanta vs. San Diego. June Jones vs. Bobby Ross.

Plenty of fans do not know June from July, or Bobby from Betsy. Twenty of the 28 coaches in this league (omitting the two expansion teams) have not been with their current clubs through four complete seasons.

If teams are a reflection of their coach, we are still looking in the mirror. We are waiting for our rivalries. Healthy ones add color and spice to the game. They are essential. Where will the new ones come from?

Jones vs. Ross? "Some of those coaches you mentioned I have followed for some time and have great respect for," Jones said. "They all have had great impact in the NFL."

"The new breed of coaches feel they can make similar contributions. At least, we hope so. Some rivalries will naturally develop from incidents that happen through the course of the season. This is something that will take care of itself. It's the nature of the game."



The Oilers slogged their way to a 6-0 defeat of the Cowboys on a muddy field at an exhibition game in Mexico City.

Season's Theme: American Golf Is Grand Slammed

By Larry Dorman

New York Times Service

IF there were any lingering notions that American golf might salvage a vestige of its former preeminence this year, they were erased this past weekend in the PGA Championship coronation march of Nick Price.

His compelling and dominating parade to his second straight major championship provided an exclamation mark to the theme that had been taking shape throughout the 1994 season.

And that theme is that American golf just got Grand Slammed.

Never before had the United States failed to produce a single winner in one of the major championships. It would be stretching it to say that this is like the State of Texas not producing a single all-American football player, but the stretch would only be a slight one.

José María Olazábal of Spain began the foreign slam with his victory at the Masters. That was followed by the play-off victory of Ernie Els, a South African, in the U.S. Open at Oakmont and that was followed by Price's sweep of the final two majors, the British Open at

Turnberry and the PGA at Southern Hills in Tulsa.

Whether this is a long-term trend or merely an aberrational blip on the golf radar screen is unclear at this point. But it is certainly worth a closer look.

To say that golf is an individual game — "The majors aren't team events," the PGA runner-up, Corey Pavin, said — is true as far as it goes. But it misses the larger point.

Right now, 10 of the top 15 players in the world are from somewhere other than America. Fred Couples is the only American in the top five. Paul Azinger, just back to golf after a battle with cancer, is the only other American in the top 10.

The Sooy world rankings have some flaws, but they are the only ranking system extant. When the results in the major championships are viewed in tandem with the rankings, the inescapable conclusion is that American golf is producing fewer world-class players than the rest of the world.

This is not, as some American golfers have suggested, merely a creation of a golf media in search of an easy angle or some xenophobic hallucination.

Scan the top five finishers of the last two majors of the year for American names and you find only Fuzzy Zoeller

at the British Open and Pavin, Phil Mickelson and John Cook at the PGA. There are five foreign-born players in the top five at the British and three at the PGA.

It is fair to point out that Price, the No. 1 player in the world, and Greg Norman of Australia, ranked No. 2, both live and compete in the United States and are regular PGA Tour members.

There also are rumblings that Nick Faldo of Britain, the No. 3 player, is pondering a much more extensive U.S. schedule next year, one that might include PGA Tour membership. It could be argued that the PGA Tour has served as the training ground for them.

"Greg and I have played 12 years on this Tour," Price said. "I mean, you can't classify us as total foreigners, even though we're not American-born. We're not total foreigners. We've learned so much of our golf here and in Europe."

Perhaps. But they were not born and raised in this system. They did not come up through the ranks of junior golf, go on to college and through the mini-tours and work their way on to the all-exempt tour. That the top 125 players are guaranteed playing privileges for next season is a reward for medioc-

ity that does not promote a win-at-all-costs attitude.

With all this said, there are some positive signs for America. The play of Mickelson, 24, was encouraging. He has now finished tied for sixth and third in two PGA Championship appearances, and there is no reason not to believe that — if he avoids the complacency that can accompany quick riches and celebrity — he could ripen into a world-class performer.

And Cook might just be coming into his prime as a player at the age of 36. His top-five finishes this year at both the U.S. Open and the PGA, and his second-place finish at the 1992 British Open, suggest he is one of America's potential major championship winners.

Couples, 34, appears recovered from an early-season back injury. Azinger will be back to his former level soon. The emergence of Tom Lehman, 35, is welcome. Loren Roberts, 39, came so close at the U.S. Open and was the best American performer of all in the majors. He was tied for fifth at Augusta, second at the U.S. Open, tied for 24th at the British and tied for ninth at the PGA. Curtis Strange, fourth at the Open and 19th at the PGA, also is headed in the right direction.

Baseball Strike: Just What Is the Average Salary?

By Murray Chass

New York Times Service

NEW YORK — Richard Ravitch, the baseball owners' chief labor executive, has used the figure so often during the owners' labor dispute with the players that \$1.2 million has become a tediously imprinted on the minds of fans, who would rather hear baseball people talk about 61 and 400.

In his comments about the clubs' quest for cost control, Ravitch has used the average salary of \$1.2 million to show how well off the players are and how well off they would continue to be under the limit the owners want to place on salary payoffs.

But \$1.2 million is just what Ravitch says it is — the average. Closer examination of salaries for the 1994 season casts a different light on what players earn. The median salary is \$500,000. Of the 746 players on opening-day rosters or on the disabled list, 363 earn more than \$500,000, 361 earn more than \$500,000 and 22 make precisely that amount.

The average salary itself is somewhat misleading because 237 players earn more than \$1.2 million and 507 earn less (two are right at that figure).

Just as they disagree on the economic system baseball should have, the two sides view these figures differently. Ravitch said they strengthen the clubs' position that fewer players are making more of the money. Gene Orza, the union's associate general counsel, said the rising median salary shows precisely the opposite.

They made their comments on the fourth day of the strike, when not much else was happening. For the third successive day, the two sides did not meet and did not speak to each other by telephone. They scheduled no meetings.

"I don't know what's in the immediate future," Ravitch said in response to a question, "but in these matters, things can change within the hour. I'm waiting to hear from the federal

mediators about when they want to meet again."

There were two strike-related developments Monday. The league offices announced that games will be canceled on a day-to-day basis "but should not be considered canceled until the day" the games were scheduled to be played. Four games were added to the canceled list Monday, bringing to 46 the number missed.

In the other development, the number of players on strike fell to 762 from 763 when the Chicago Cubs optioned Steve Trachsel, a rookie starting pitcher, to Iowa of the American Association.

With a \$112,000 salary, \$3,000 above the minimum, Trachsel, who compiled a 9-7 record in 22 starts for the Cubs before the strike, is one of the players below the median.

This season's median is up significantly from the median of \$397,500 at the end of last season, but both the median and the average drop from opening day to the end because teams generally wind up with more minimum-salaried players on their rosters as the season progresses and they fill in for players on the disabled list.

Asked about the difference between the average and the median this season, Ravitch said: "I think to contrast the two points out very dramatically what is happening in baseball. With each year, fewer and fewer players get a larger percentage of the take. Each tells a story and together they tell a fuller story."

"He has always said the fact that the median is going down is an illustration of the fact that fewer players are making more money," Orza said. "If it's going up, it's counter to the proposition he's trying to espouse. If it's going up, it means we've ceased to see fewer and fewer players getting more and more money. But I don't know if you can compare the medians until we have the final figures in."

CROSSWORD

ACROSS

1 Funeral stand

3 Luck

6 A little night

12 Like metzoh

14 Delta's creator

17 18th-century monarch, too

18 Tributary

20 Presidents of

21 Still

22 Mike Merk

23 Baby food

24 Items that are

25 Overwhelms

26 Shih Jahn's

27 Building site

28 Solve base

29 Ennoble

30 Lake Ontario

31 Outlet, too

32 Familiarly?

33 Indian follower

34 TV's Ricky

35 Tangent's

36 Cousin

37 Shenanigans

38 Friend holder

39 It makes towels

40 plucky

41 Lady 500

42 advertiser

43 Actress

44 Thompson

45 Available, as

46 retail goods

47 Bill collector

48 Architectural

49 refinement, too

50 familiarity?

51 Press for

52 Took orders, in

53 a way

54 By and by

55 Bygone platters

56 Those for

57 Down

1 Bare skin

2 Concerning, at

4 Robot

5 Singer Heien

6 A little

7 supporter?

Against

7 Indian leader

8 Actress Garr

9 Vicinage

10 Map out

11 Goes down

13 "Do, ... 2

14 Kind of reality

15 Academic heads

16 Beaver, for one

17 Turkish bigwig

18 In addition

19 Art as a term

20 Wrap name

21 Chafed places

22 W.W. II foe

23 Know-it-all

24 Full assemblies

25 Pharyngeal

26 invader

27 "The King"

28 Aforetime

29 University of

30 Arizona site

31 Surrenderer

32 Last item?

33 Verdun's river

34 Jail-related

35 Overages

36 Greenish-blue

37 Crank

38 Utah's state

39 flower

40 Adult-to-be

41 Small cut

42 Letters from

43 Wait Street

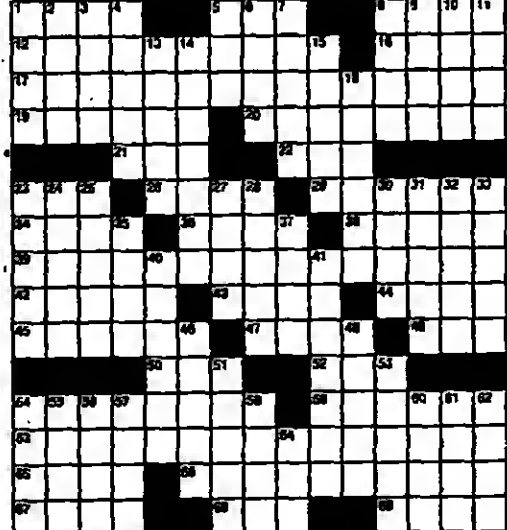
44 Parmenides's

45 birthplace

46 Stop lights

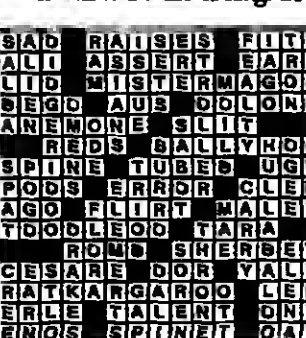
47 Como's "

48 Impossible"



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Solution to Puzzle of Aug. 16



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Living Watergate Down

Ultra-loyal Gordon Liddy appeared looking hardly a year older than the day he offered to stand on a street corner so he could be shot by drive-by assassins to atone for botching a piece of the job.

Instead he spent 20 years churning out books, splitting hairs with interviewers, hunting opportunities to pose as elder statesman. Yet he never seemed to find the peace his jailbird colleagues disclosed to Emery's camera.

New York Times Service

By Michael Kimmelman
New York Times Staff

Indeed, David is not an ideologue or easy to pigeonhole. She talks a lot about film as well as art. She is interested in video and photography.

At the Jeu de Paume and elsewhere, she has organized exhibitions about Israeli and Brazilian cinema as well as retrospectives of such artists

Her goal is to broaden the exhibition, to make it more international and at the same time to re-examine the premises of a global survey.

"We're no longer in a postwar North America-Europe dialogue.



"I hope both committees chose us because they were interested in independent and fresh perspectives," she said. "At least that's what I want to bring to Documenta."

Forecast for Thursday through Saturday, as provided by Accu-Weather.

Middle East					Latin America				
	Today		Tomorrow			Today		Tomorrow	
	H	L	H	L		H	L	H	L
Baird Case	35/40	26/31	32/41	26/31	Banco Am	17/21	9/43	5	17/21
Dominican	36/40	18/22	32/37	18/24	Caracas	23/34	29/38	32	23/32
El Salvador	32/36	18/24	31/38	20/26	La Paz	18/24	16/21	18/24	13/28
Luzon	42/48	27/32	42/47	23/22	Mexico City	23/27	14/27	24/27	13/21
Managua	42/48	27/32	44/41	27/20	Porto Rico	23/24	16/21	24/27	16/21

Legend: a-surely, p-pretty cloudy, c-cloudy, sh-showers, th-thundershowers, r-rain, st-storms

	Today		Tomorrow	
	High	Low	W	F
Bangkok	30.98	24.75	31.08	25.77
Bombay	30.98	24.75	31.08	25.77
Hong Kong	31.08	24.75	31.08	24.75
London	30.98	24.75	31.08	24.75
Manila	30.98	24.75	31.08	24.75
Seoul	30.98	24.75	31.08	24.75
Singapore	31.08	24.75	31.08	24.75
Taipei	31.08	24.75	31.08	24.75
Tokyo	31.08	24.75	31.08	24.75

	Today		Tomorrow	
	High	Low	W	F
Algeria	30.98	24.75	31.08	24.75
Cape Town	31.08	24.75	31.08	24.75
Caracas	30.98	24.75	31.08	24.75
London	30.98	24.75	31.08	24.75
Lagos	30.98	24.75	31.08	24.75
Nairobi	30.98	24.75	31.08	24.75
Tunis	30.98	24.75	31.08	24.75

	Today		Tomorrow	
	High	Low	W	F
Anchorage	24.75	16.57	25.77	11.50
Atlanta	24.75	16.57	25.77	11.50
Boston	24.75	16.57	25.77	11.50
Chicago	24.75	16.57	25.77	11.50
Dallas	24.75	16.57	25.77	11.50
Denver	24.75	16.57	25.77	11.50
Detroit	24.75	16.57	25.77	11.50
Houston	24.75	16.57	25.77	11.50
Los Angeles	24.75	16.57	25.77	11.50
Miami	24.75	16.57	25.77	11.50
Minneapolis	24.75	16.57	25.77	11.50
New York	24.75	16.57	25.77	11.50
Phoenix	24.75	16.57	25.77	11.50
San Francisco	24.75	16.57	25.77	11.50
Toronto	24.75	16.57	25.77	11.50

The word spread like wildfire after the London tabloid Daily Mail reported that Walter Cronkite was going to do an interview and documentary with Princess Diana after meeting with the princess to work out details on yachts off Martha's Vineyard. But don't get your hopes up. Cron-

Actor James Caan, 53, is "doing great" in a drug rehabilitation center that he entered more than two weeks ago, says his spokesman Paul Bloch. Bloch wouldn't say what kind of drug habit Caan was being treated for or where. Caan has been the subject of two criminal investigations. Los Angeles prosecutors said he will not be charged over an incident in March in which he allegedly pulled a gun on rap singer Derek Lee. But he is still being investigated over an alleged beating of a female companion, Leesa Roland, in May.



CHARGED — Night-club-bouncer-turned-actor Mickey Rourke, 44, has been charged with misdemeanor spousal abuse for knocking down his wife, Carrie Otis, and kicking her at an office in Los Angeles last month.

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Indonesia*	001-801-10	Malaysia*	0800-890-110	El Salvador*	190
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Korea	009-11	Netherlands*	05-022-9111	Guyana**	165
Korea**	11*	Norway	806-150-11	Honduras*	123
Malaysia*	800-0011	Poland**	0-010-480-0111	Mexico***	95-800-462-1400
New Zealand	000-911	Portugal*	05017-1-288	Nicaragua (Managua)	174
Philippines*	105-11	Romania	01-800-4288	Panama	109
Singap	235-282	Russia*(Moscow)	155-5042	Peru*	191
Singapore	800-0111-111	Slovakia	00-420-00101	Suriname	256
Sri Lanka	430-438	Spain	900-99-00-11	Uruguay	00-0410
Taiwan*	0080-10288	Sweden*	020-795-611	Venezuela**	80-011-120
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Denmark*	001-0010	Qatar	0800-011-77	S. Kitts/Nevis	1-800-872-2881
Finland*	9800-100-10	Saudi Arabia	1-800-10		
France	19-0011	Turkey	00-800-12277	AFRICA	
Germany	0130-0010	Tunisia*	800-121	Egypt* (Cairo)	510-0200
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